Measuring Stability and Security in Iraq

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Report to Congress
Measuring Stability and Security in Iraq

This report to Congress on measuring stability and security in Iraq is submitted pursuant to section 9010 of the Department of Defense Appropriations Act 2006, Public Law 109-148. The Secretary of Defense submitted two reports on the same subject in July and October of 2005; however, this is the first report required by Public Law 109-148.

The report is divided into two sections corresponding to the indicators and measures identified in the Act. The initial section of the report, "Stability and Security in Iraq," describes trends and progress towards meeting goals for political stability, strengthening economic activity, and achieving a stable security environment in Iraq.

The second section of the report, "Security Force Training and Performance," describes progress in the training, development, and readiness of the Iraqi Security Forces, including the forces of the Ministry of Defence and the police and other paramilitary forces of the Ministry of Interior.

A classified annex to this report provides classified data concerning security force training and performance and addresses U.S. military requirements and possible force rotations.

The report complements other reports and information about Iraq provided to Congress. The information in this report is made available with the assistance of many departments and agencies of the U.S. Government, the U.S. Embassy in Iraq, Multi-National Force-Iraq, and the Government of Iraq.

Measures of Stability and Security and the National Strategy for Victory in Iraq

Since the October report, the President of the United States published the National Strategy for Victory in Iraq, which includes measurements of progress towards meeting political, economic, and security objectives in Iraq.

The objective of the strategy is to help the Iraqi people build a new Iraq with a constitutional and representative government that respects political and human rights and with sufficient security forces to maintain domestic order and keep Iraq from becoming a safe haven for terrorists. To achieve this end, the United States is pursuing an integrated strategy along three broad tracks:

- Political: Helping the Iraqi people forge a broadly supported compact for democratic government.

- Economic: Assisting the Iraqi government in establishing the foundations for a sound economy with the capacity to deliver essential services.

- Security: Developing Iraqi capacity to secure their country while carrying out a campaign to defeat the terrorists and neutralize the insurgency.

Each of these tracks is integrated with the others; each is necessary for success along the other tracks. For example, defeating terrorists – a security objective – is accomplished in part by a democratic political process that isolates the extremists politically. The spread of economic progress and opportunity helps achieve the same objective, and it, in turn, depends upon securing the Iraqi infrastructure against sabotage and attack.

The National Strategy for Victory in Iraq uses measurable trends indicating progress along each of these tracks. Such metrics indicate where programs are achieving success and where it is necessary to increase efforts or adjust implementation of the strategy.

The President's strategy also identifies eight strategic objectives, or pillars, of the integrated political, economic, and security strategy: defeat the terrorists and neutralize the insurgency; transition Iraq to security self-reliance; help Iraqis forge a national compact for democratic government; help Iraq build government capacity and provide essential services; help Iraq strengthen its economy; help Iraq strengthen the rule of law and promote civil rights; increase international support for Iraq; and strengthen public understanding of coalition efforts and public isolation of the insurgents.

Indicators of progress in the strategy since the last report include:

Political Stability. The Iraqis have now met all of the political benchmarks established by the Transitional Administrative Law and endorsed by United Nations Security Council Resolution 1546, awaiting only the seating of the new Iraqi government. These milestones were accompanied by growing participation in the political process among Iraqis of all communities. On October 15, 2005, the Iraqi people ratified a permanent constitution. The vote was marked by an increase in Sunni Arab participation, showing a growing acceptance of using the political process to protect and advance their interests. The national election of December 15, 2005, to elect the first government under the new constitution, was marked by unprecedented turnout, low violence, and significant participation among all communities. About 77% voter turnout was reported nationally, eclipsing the 58% turnout from the January 2005 election. Although there were some voting irregularities, the Independent Electoral Commission of Iraq determined that less than 1% of all ballot boxes were affected by these irregularities and took appropriate action. The UN election commissioner in Iraq stated that the election was "transparent and credible." Negotiations are now underway among many parties and coalitions to ensure broad inclusion in the formation of the constitutionally elected new government.

Economic Activity. Economic indicators continue to be mixed, with some noteworthy achievements. Despite the difficult security environment, the Iraqi economy demonstrated overall macroeconomic stability during the past year. The currency remains stable; foreign exchange reserves are well above targets; and substantial debt reduction is moving apace. The International Monetary Fund (IMF) estimates real growth in Gross Domestic Product of 2.6% for 2005 and projects higher growth for the next two years. Annual inflation is expected to moderate from annual rates above 30% in 2004 and 2005. International support for Iraq also

continues to help rebuild the economy. The IMF approved Iraq's proposal for an economic reform program in the form of a Stand-By Arrangement with the goal of maintaining macroeconomic stability and providing sustainable growth over the medium term. The IMF's approval of the arrangement ensures that Iraq qualifies for the next portion of the Paris Club foreign debt reduction agreement. In key sectors, attacks on infrastructure and maintenance problems continue to hamper progress in producing and exporting oil and in delivering reliable electricity, but the communications sector continues its rapid growth with a 40% increase in cell phone subscribers since the last report.

The Security Environment. During this reporting period, the President of the United States, acting upon the recommendations of military commanders, authorized an adjustment to the U.S. force posture in Iraq, decreasing the number of combat brigades in Iraq from 17 to 15, a reduction of about 7,000 troops. This decision was based on several indicators of progress but primarily the growing capability of Iraqi Security Forces. In the security environment in general, the single most important indicator of success in meeting security objectives is the failure of anti-Iraqi forces in their campaign to derail the political process and alienate the Iraqi people from democratic governance. Three successful national elections in the past year, each with increasing voter turn-out and growing participation in the political process, clearly indicate that terrorists and other anti-Iraqi forces do not represent the Iraqi people. However, as expected during this period, the total number of attacks against Iraqi and Coalition targets have risen. Attacks remain concentrated in four of Iraq's eighteen provinces, and eleven provinces averaged one or fewer attacks per day over the reporting period. The complexity and effectiveness of these attacks range from a single insurgent executing an ineffective small arms attack to a coordinated attack of several dozen enemy fighters using different weapon systems. There have been only four of these more complex coordinated attacks in the last six months. Over three-quarters of all attacks result in no casualties or serious damage and the percentage of car bombs intercepted and defused is steadily increasing. Terrorist attacks have failed to create and spread sectarian conflict, and polls of Iraqi perceptions continue to show the isolation of terrorists and foreign fighters from the Iraqi people.

Iraqi Security Forces. Ministry of Defence and Ministry of Interior forces continue to progress in developing their capabilities and taking ownership of Iraqi security – the short- and medium-term objectives in the President's strategy. Key measures of progress include:

- **A continued increase in the number of Iraqi units able to take the lead in combat operations against the insurgency.** As of January 23, 2006, 98 Iraqi Army and special operations battalions are now conducting counter-insurgency operations, 11% more than reported in October. Fifty-three of these battalions are assessed as being "in the lead or fully independent" – a 47% increase since October. There are 27 National Police Force battalions (formerly the Special Police Forces) and one Emergency Response Unit capable of combat operations, with 10 units assessed as being in the lead.

- **Progress of Iraqi units in assuming responsibility for the battle space.** Thirty-seven Iraqi Army battalions now control their own battle space. Iraqi Security Forces are responsible for security in roughly 460 square miles of Baghdad and more than 11,600 square miles in other provinces of Iraq, an increase of almost 4,000 square miles since the last report.

- **A continued increase in the number of units and individuals trained, equipped, and formed into operational status.** The program of training and equipping members of the Iraqi Security Forces continues on track. Almost 107,000 soldiers, sailors, and airmen have now been trained and equipped – an increase of 19,000 since the last report. More than 82,000 police have been trained and equipped – an increase of over 13,000 since the last report. These police work alongside 38,000 other Ministry of Interior forces. Overall, there are over 227,000 Ministry of Defence and Ministry of Interior forces trained and equipped for counterinsurgency operations – an increase of 18% since the October 2005 report.

Isolating the Extremists

An important objective of the political-economic-military strategy is isolating hard-core rejectionists and terrorists from the mainstream Sunni Arabs. Some recent indicators of progress on this track include:

- Pre-referendum accord on possible amendments to the constitution, providing an additional incentive for Sunni participation in the government. (pg. 7)

- Significant increase in active participation of Sunni Arabs in the political process; in al-Anbar province voter turn-out grew from 2% in January 2005 to 86% in the December 2005 elections. (pg. 7-8)

- Arab League support and legitimization for Sunni participation in the political process, including hosting a Cairo conference that drove a wedge between Sunnis who desire political representation and Al-Qaida rejection of the political process. (pg. 24)

- Sunni tribes in al-Anbar province that formerly fought against the Coalition joined Iraqi Security Forces and support the Coalition in operations against Al-Qaida terrorists. (pg. 24)

- A continuing high level of intelligence tips received from the population – to include locations of improvised explosive devices. (pg. 29-30)

- Polling data indicating that three-quarters or more of the population refers to those that attack Iraqi civilians as “criminals” or “terrorists.” (pg. 32)

Sunni Arabs must, in the end, choose between violence and political participation. It will not be sufficient for them to join the political process while tolerating the violence as a form of political leverage for their cause. As Secretary of State Rice has stated: “The democratic system cannot function if certain groups have one foot in the realm of politics and one foot in the camp of terror.” Continuation of the violence will hurt the Sunni community the most.

I. Stability and Security in Iraq

Political Stability

The ultimate goal of the political process remains for Iraq to be governed by an effective and representative democratic system that is supported by the Iraqi people; capable of exercising responsibility for managing Iraq's affairs, including security; accepted as legitimate by the international community; and committed to promoting civil society, the rule of law, and respect for human rights.

To achieve this goal, the United States is supporting Iraqi efforts to forge a broadly supported national compact for a democratic government, including:

- supporting the on-schedule Iraqi constitutional referendum and national elections;
- supporting Iraqi efforts to ensure that all communities see the political process as the preferred way of protecting their interests; and
- promoting the international community's rhetorical and tangible support of the political process.

Measures of progress include:

- achieving political benchmarks set forth in United Nations Security Council Resolution 1546, the Transitional Administrative Law, and the Iraqi constitution;
- increasing participation in the political process;
- establishing rule of law institutions; and
- expanding international support.

Progress Towards Constitutional Government

One key measure of progress towards the establishment of a constitutional and democratic government in Iraq has been adherence to the timeline and political process as set forth in the Transitional Administrative Law (TAL) of March 2004, and United Nations Security Council Resolution (UNSCR) 1546. The most recent milestones in this process were the successful completion of the constitutional referendum in October 2005 and the parliamentary elections in December 2005. The December election marked the accomplishment of all milestones set forth in the TAL. However, the work of establishing a sustainable representative government is still underway, and there will be new benchmarks associated with the formation of the constitutionally elected government and implementation of the constitution.

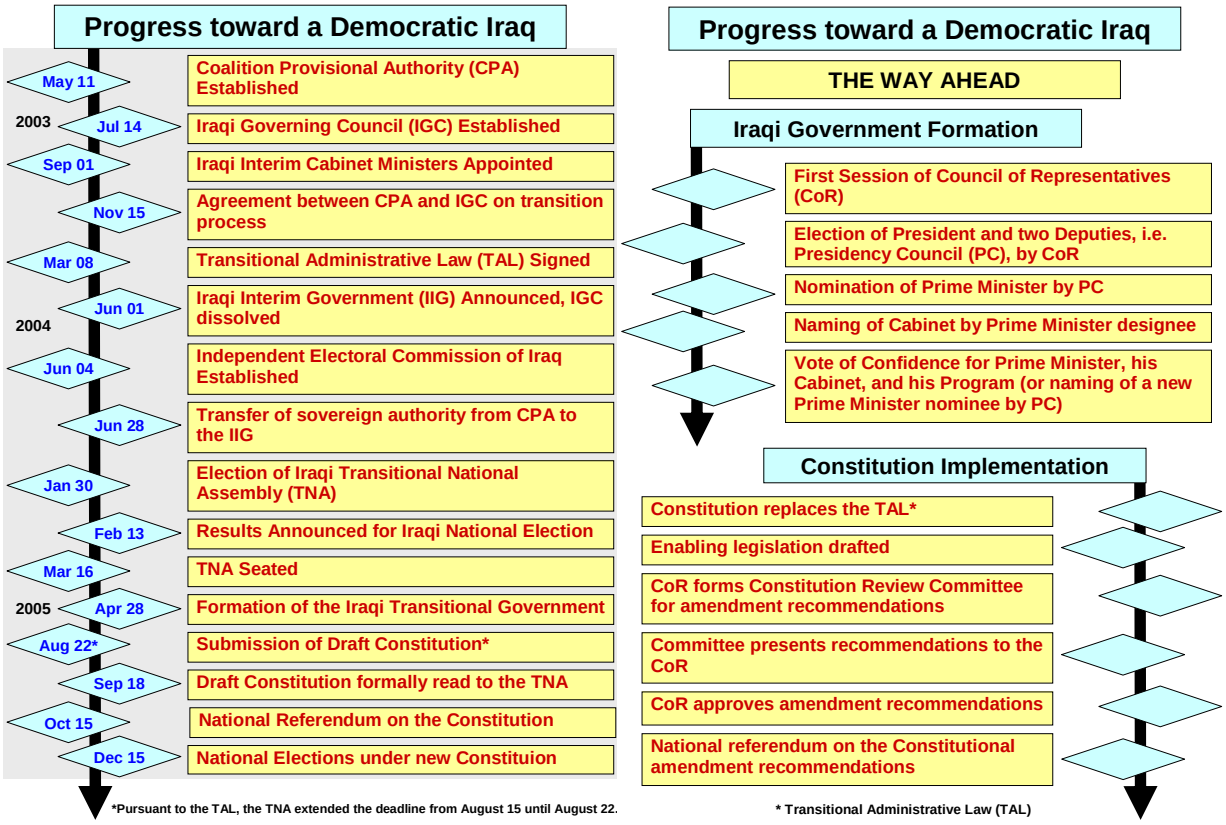
The next major milestone in democratic progress will be the formation and seating of the new government. The Council of Representatives (CoR) will elect the Presidency Council, which consists of the President and two Deputies. The Presidency Council will nominate a Prime Minister (PM), who will nominate a full slate of ministers. The PM-designate and his ministerial

nominees will be presented as a group for a vote of confidence by the CoR. Although the seating of an elected government is a critical political milestone towards victory in Iraq, it is not the final one.

This new Iraqi government will be responsible for passing enabling legislation to clarify and codify general provisions of the new constitution. The new constitution calls for approximately 55 enabling or implementing laws to make the constitution operative. The new government's progress on enabling legislation will be an important measure of progress in the continuing political process.

According to the Constitution, the Council of Representatives (CoR) shall form a Constitution Review Committee to recommend changes to the constitution. This committee is supposed to make recommendations back to the CoR within four months of its formation. Any proposed changes to the constitution approved by the CoR are to be submitted to the Iraqi people within two months for a referendum vote. The Constitution Review Committee and the associated opportunity to amend the constitution were among the changes Iraqis included in the draft constitution to gain the broadest possible support. As this dynamic process evolves, the schedule outlined here will evolve as well.

The following graph illustrates the timeline for the political process in Iraq:

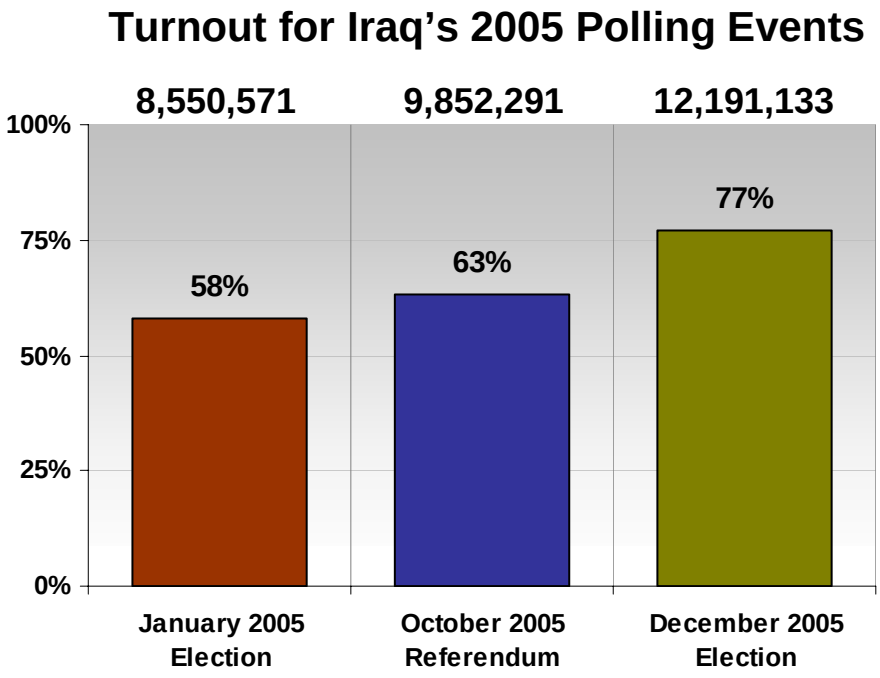


Participation in the Political Process

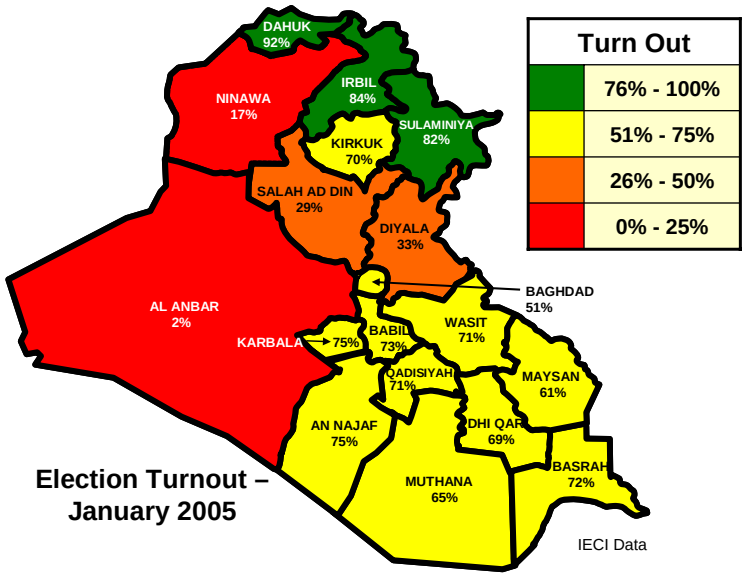
Iraqi participation in the political process has grown among all communities. In January 2005, 8.5 million Iraqis defied terrorist threats to vote for Iraq's first freely elected national and provincial governments.

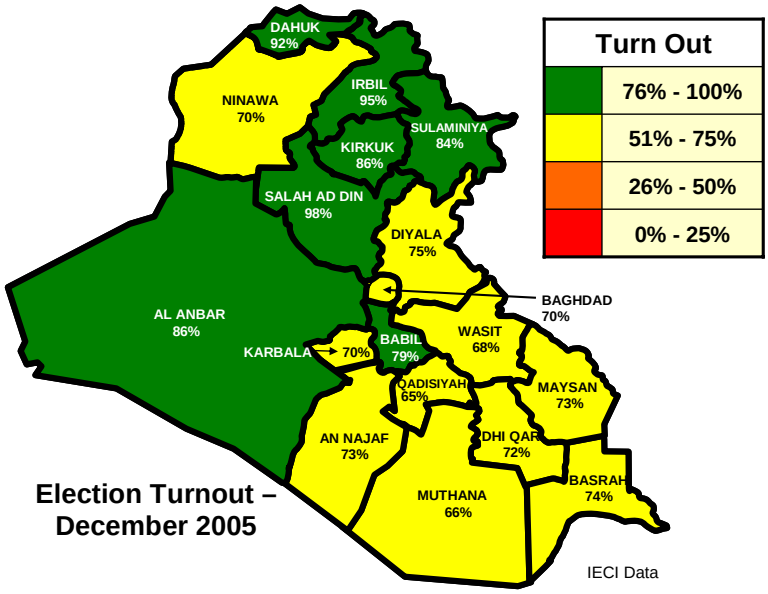
In October 2005, nearly 10 million Iraqis from all areas of the country again defied terrorist threats to vote in the constitutional referendum, and the constitution was ratified. In a strategic shift, Sunnis turned to the political process to advance their interests. During the constitutional referendum in October, turnout in Sunni areas was strong. Although most Sunnis voted against the constitution, amendments made days before the referendum, in response to Sunni requests, permit further changes within six months after the new government is established. This, and other provisions of the constitution that defer important issues to the new assembly, will ensure that elected Sunni leaders are able to influence the shape of the new Iraq.

Ratification of the constitution set the course for a national election, which took place on December 15, 2005. The election was marked by unprecedented turnout and low violence and included significant Sunni participation. More than 12 million Iraqis voted in the December 2005 election. The Sunni Arab dominated provinces of Ninawa and Salah ad Din saw voter turnouts that grew from 17% and 29%, respectively, in January 2005, to 70% and 98%, respectively, in December 2005. Voter turnout in al-Anbar Province was even more impressive, growing from just 2% in the January 2005 election to 86% in the December 2005 election. Approximately 77% voter turnout was reported nationally, eclipsing the 58% turnout for the January 2005 election.



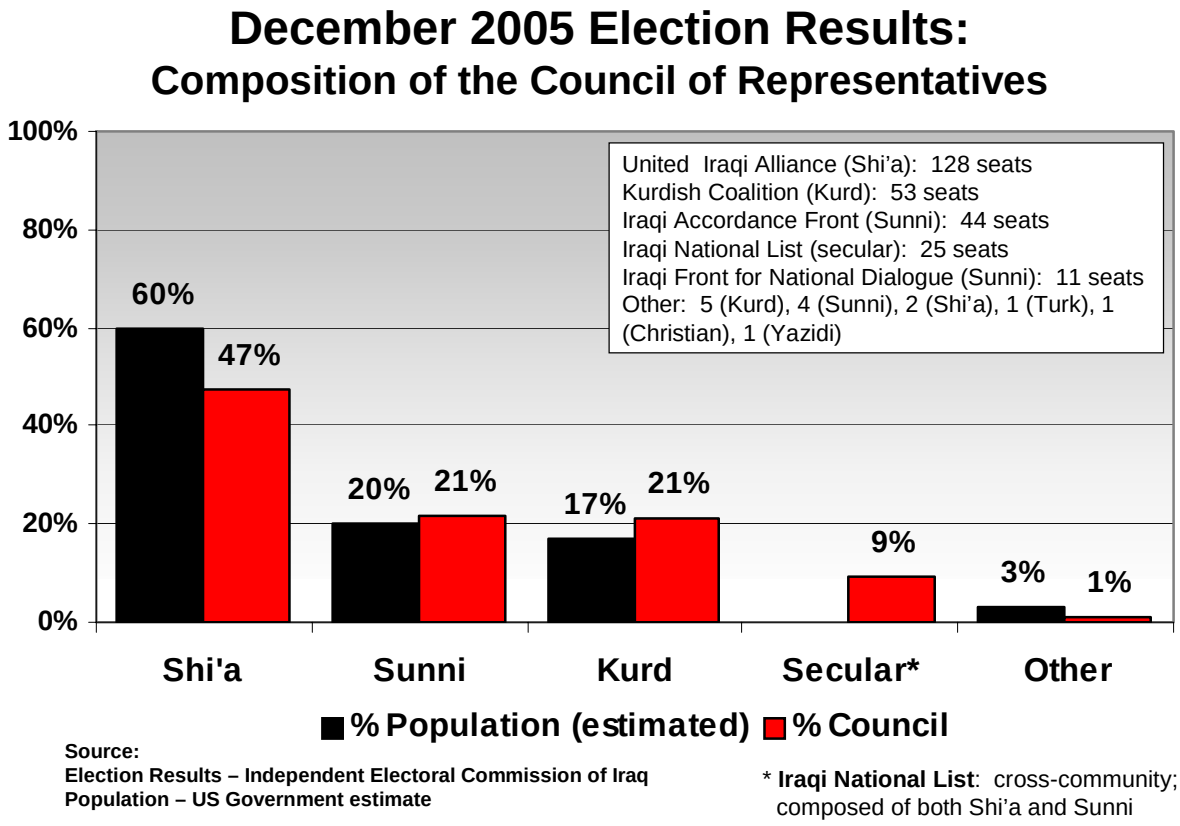
Growth in Participation in the Electoral Process





The UN election commissioner in Iraq stated that the December 2005 election was "transparent and credible." Of the 1,985 total election complaints received by the Independent Electoral Commission of Iraq (IECI), only 58, or 3%, were deemed by the IECI to have possibly affected the results of particular polling stations. These 58 complaints resulted in 227 ballot boxes, less than 1% of the total, being voided and not counted in the final tally. A delegation from the International Mission for Iraqi Elections has been monitoring the IECI and UN handling and findings of their election investigations.

On February 10, 2006, the Independent Electoral Commission of Iraq announced certified results of the December election. No single party received enough seats to independently form a government, thus requiring the formation of a coalition government. The results demonstrate that the members of the Council of Representatives (CoR) will reflect the various ethnic and religious groups that comprise the Iraqi populace. The following chart specifies how the 275-seats of the CoR are to be allocated and compares the ethnic and religious composition of the CoR to the Iraqi population as a whole.



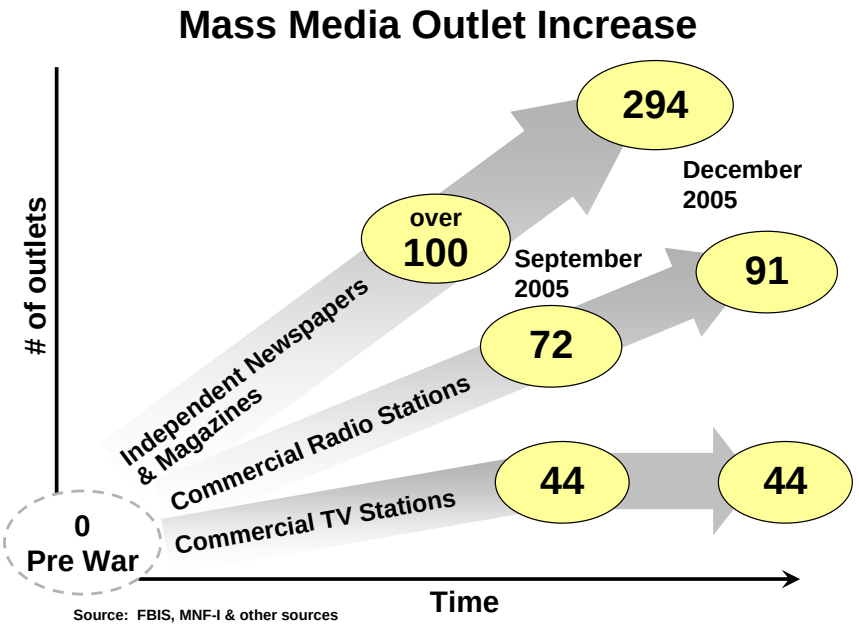
Source:
Election Results – Independent Electoral Commission of Iraq
Population – US Government estimate

* **Iraqi National List**: cross-community; composed of both Shi'a and Sunni

With the successful completion of the election for the first constitutional, democratically-elected government in Iraq, attention is turning towards the formation of the government. While government formation progresses, the active participation of all communities is a positive indicator. Despite complaints of electoral fraud, no party that won seats in the election has refused to join government formation discussions.

Increasingly robust Iraqi political institutions will provide peaceful means for reconciliation and bridging divides. Inclusive institutions that offer power-sharing mechanisms and protection of minority rights will demonstrate to disaffected Sunnis, as well as other minorities, that they have influence and the ability to protect their interests in a democratic Iraq.

Participation in the political process is also reflected in the continued growth of a free and open press – another hallmark of a free and democratic society. The growth of independent mass media has continued; to date, 294 independent newspapers and magazines have begun publication, an increase of almost 200% since the last report.



Establishing Rule of Law Institutions

Political stability is premised on the rule of law. The United States and its Coalition partners are helping Iraq strengthen the rule of law through technical assistance and training, with the objective of promoting an independent and effective judicial branch that affords due process.

The Higher Juridical Council administers all courts in Iraq. There are currently 800 judges in Iraq, including 300 investigative judges. These judges are now working and resolving cases under Iraqi law. In 2003, approximately 4,000 felony cases were resolved in Iraqi courts. In 2004, they resolved more than twice that number. As of November 2005, the Iraqi courts were on track to resolve more than 10,000 felony cases in 2005.

The Iraqi High Tribunal (IHT) (formally known as the Iraqi Special Tribunal) is responsible for the trial of Saddam Hussein and other top officials of his regime. The first of these trials began on October 19, 2005. Under the Iraqi system, a defendant is given a separate trial for each event that constitutes a crime. Saddam therefore may face multiple separate trials. The U.S. Department of Justice-supported Regime Crimes Liaison Office continues to assist with preparing the IHT, providing training and other support for IHT attorneys and judges.

The Central Criminal Court of Iraq (CCCI), a Coalition-created entity, is the only court in Iraq with national jurisdiction that tries defendants accused of terrorism and crimes against the

Coalition, as well as other serious crimes. In November 2004, the CCCI had capacity to conduct fewer than 10 trials and investigative hearings per month. In the first two weeks of September 2005 alone, the Court prosecuted more than 50 multi-defendant trials and conducted 100 investigative hearings. The Court is now expanding its reach throughout Iraq with separate branches in local provinces. Twelve cities have sitting CCCI courts with a total of 57 CCCI judges nationwide, although several of these CCCI courts are still only nominal and have not yet begun trying CCCI cases.

Of the 24 CCCI judges in Baghdad, approximately 12-15 judges hear only Coalition-related insurgency cases. Currently, there are approximately 14,000 detainees being held by Coalition forces. Of those, more than 3,000 are pending CCCI trial, investigative hearing, or review. The remainder are periodically reviewed by the administrative Combined Review and Release Board (CRRB) – a joint Iraqi government-Coalition panel. The CRRB reviews approximately 750 files each week to determine whether a detainee should be unconditionally released, should be released with a guarantor, or should continue to be detained. Once a file is reviewed, the detainee is released, prosecuted, or held over for security purposes.

Intimidation of judges by insurgents severely affects the rule of law in Iraq. Twenty-nine secure housing units inside the protected International Zone have recently been made available to judges living in the Baghdad area. Eight CCCI judges have access to up-armored vehicles, and 33 CCCI judges have trained private security details at their constant disposal.

Over the past two years, two new courthouses have been built, four projects are ongoing, and four are planned. Numerous courthouses have been remodeled and/or repaired.

The Ministry of Justice currently operates 19 prisons nationwide that hold more than 10,000 pretrial detainees and convicted prisoners. Through January 2006, $180 million of U.S. appropriated funds has been obligated to construct three new Ministry of Justice prisons. One proposed prison will add 5,000 beds, but capacity will need to be expanded significantly to minimize the possibility of human rights violations stemming from overcrowding in the future.

The Ministry of Interior (police), Ministry of Defence (military), Ministry of Justice (corrections), and Coalition all operate various detention facilities. Most justice and defense ministry detention facilities, while sometimes deficient under internationally accepted standards mandated under Coalition Provisional Authority Memorandum #2 (“International Corrections Standards for the Management of Detention and Prison Facilities”), are typically maintained at higher standards than those of the Ministry of Interior facilities. To assist in remedying this imbalance, joint U.S. Government-Iraqi teams will continue to inspect Iraqi detention facilities, with appropriate remediation through Iraqi-led triage and follow-up logistical, security, public relations, and political support.

U.S. Department of Justice advisors working through the International Criminal Investigative Training Assistance Program have trained and mentored Iraqis at every level of the Ministry of Justice since the fall of the Ba’athist regime.

Expanding International Support for Iraq

The United Nations Security Council has enacted a series of unanimous resolutions that authorize the presence of Coalition forces and demonstrate international backing for the Iraqi political process. In November 2005, at the request of the Iraqi government, the United Nations Security Council unanimously passed Resolution 1637. This resolution extended the Coalition forces' authorities, safeguards, and mandate. The United Nations is also playing an important role in Iraq's political transition and plans to expand its capacity throughout the country.

The United Nations has actively supported the Independent Electoral Commission of Iraq through both the October referendum and the December election. This support has included the provision of a senior electoral commissioner and other international advisors leading an International Electoral Assistance Team (also staffed by advisors from the U. S. Agency for International Development-funded non-governmental organization International Foundation for Election Systems, the United Kingdom's Department for International Development, and the European Union) to assist the commission with the preparation and conduct of both ballots.

The United Nations has continued to provide support and relief funding through the various UN agencies to a number of humanitarian and reconstruction initiatives throughout Iraq.

Additional international support was displayed by deployment of the International Mission for Iraqi Elections to monitor the Independent Electoral Commission of Iraq's preparations for, and conduct of, the December election and its handling and resolution of election-related complaints in January 2006.

Other international organizations are expanding their relationships with Iraq. In November 2005, the World Bank approved its first loan to Iraq in 30 years. In December 2005, the International Monetary Fund approved Iraq's request for an economic reform program in the form of a Stand-By Arrangement. Paris Club creditors continue to sign bilateral debt agreements with Iraq; as of January 2006, 13 out of 18 creditors have signed such agreements. As the first government is formed under the new constitution, increased international engagement, particularly on a bilateral basis, is anticipated.

Iraq is gaining wider support from Arab states as well. In November 2005, the Arab League hosted a meeting in Cairo to promote Iraqi national accord and the political process. Many Arab countries publicly supported Iraq's constitutional referendum and recent election and called for the broad participation of all Iraqis in Iraq's political process.

Economic Activity

The President's National Strategy for Victory in Iraq highlights three objectives in helping the Iraqis rebuild their economy by:

- building the capacity of Iraqi institutions to maintain infrastructure, rejoin the international economic community, and improve the general welfare of all Iraqis;

- reforming Iraq's economy, which has been shaped by war, dictatorship, and sanctions, so that it can be self-sustaining in the future; and
- restoring Iraq's neglected infrastructure so it can meet increasing demand and the needs of a growing economy.

This strategy complements the National Development Strategy (2005-2007) of the Government of Iraq, whose national economic objectives are:

- strengthening the foundations of economic growth;
- revitalizing the private sector;
- improving the quality of life; and
- strengthening good governance and security.

Rebuilding the Iraqi Economy

The United States, in conjunction with the Government of Iraq and international donors, continues to complete projects that are improving Iraqi oil, electricity, water, sewerage, and communications infrastructure. These projects are forming the backbone of the Iraqi economy so it may grow, deliver essential services, and improve the Iraqi people's quality of life. The United States has also been instrumental in building the capacity of the Ministry of Finance and the Central Bank of Iraq. Although many challenges lie ahead, the capability of the Ministry of Finance to execute a sound budget process is helping the Government of Iraq to determine its priorities for rebuilding and reinvigorating its economy. Pressures from wages, pensions, and the growth of the security sector are raising government expenditures dramatically. The United States and other international advisors are working with the Government of Iraq to keep these pressures under control in order to maintain a stable economic environment.

Part of the solution to promote a sound economy is for the Iraqi government to reduce subsidies on fuel and, to some degree, electricity, water, and food. On December 18, 2005, the Iraqi government began the first stage of price increases for gasoline, kerosene, and diesel fuel; the current plans call for the Iraqis to continue reducing these subsidies over the next few years until prices are in line with regional averages. The United States is advising the Government of Iraq on how to implement these price increases while simultaneously protecting the poor. One program the United States was instrumental in designing provides for a targeted social safety net to benefit almost one million of the poorest households in Iraq (approximately 20% of the population). This should mitigate the negative effects of the price increases for fuel and other commodities.

As part of a broad strategy to revitalize Iraq's private sector, the United States also continues to provide micro-credit to emerging Iraqi entrepreneurs and small- and medium-enterprise loans for Iraqi businesses. Over 20,000 microfinance loans with a value of $44 million have been disbursed to small entrepreneurs creating an estimated 30,000 jobs. Over 2,400 businessmen and women have taken advantage of training programs for small and medium sized enterprises. Part of this strategy is to restructure and develop the Iraqi banking industry, which currently barely functions with weak institutions and little financial intermediation. The United States is also

expanding credit and providing technical assistance to help re-develop the Iraqi agricultural sector. Furthermore, the United States is working with the Iraqis to develop an investor roadmap and the regulatory regime to encourage foreign investment in the country.

Many challenges remain in building the Iraqi economy. Aside from defeating the insurgency and revitalizing the oil industry (discussed in this report's *Sector Indicators* section), major challenges in achieving these national objectives include reducing corruption, increasing transparency, and building the Iraqis' capacity to manage their own economy. The Government of Iraq has adopted a multi-pronged strategy to eradicate corruption. A Code of Conduct has been published, and all senior government officials must agree to financial disclosure. An education and public outreach program is attempting to reduce public toleration of corruption. Increased budgets, personnel, and authority are being directed towards the organizations that investigate corruption: the Board of Supreme Audit, the Inspectors General of the ministries, and the Commission of Public Integrity. The United States is working with the United Nations' International Advisory and Monitoring Board to encourage the Iraqis to increase the transparency of the oil sector and, hence, government revenues.

International Support for Integrating Iraq into the World Economy

Iraq continues to make progress reintegrating into the world economy. The Government of Iraq is receiving substantial reconstruction grants and loans from the United States and other foreign donors. Of the $13.5 billion pledged by donors other than the United States at the 2003 Madrid conference, $3.2 billion has been disbursed as of December 2005. The United Nations and the World Bank both operate trust funds under the International Reconstruction Fund Facility for Iraq to manage some of these donations. Donors have deposited $1.3 billion into these funds. The Iraqi Strategic Review Board then approves projects proposed by both the World Bank and UN funds for disbursement. Donors are also providing assistance to build the capacity of Iraqi ministries. The Government of Iraq is on the long path towards World Trade Organization accession, including attending the recent Hong Kong ministerial meetings as an observer.

In addition to facilitating disbursement of grants from donors for reconstruction projects, the World Bank is providing technical and financial assistance as part of their respective country strategies with the Government of Iraq. On November 29, 2005, the World Bank approved its first loan to Iraq in nearly 30 years as part of the second interim strategy for Iraq agreed to in September 2005. The second interim strategy provides the framework for up to $500 million in lending in four sectors: education, transport (roads), and water supply and sanitation. The first loan under this framework, the $100 million Third Emergency Education Project loan, will help alleviate school crowding and fund educational reform. This loan builds on the successful record of two previous World Bank Iraq Trust Fund educational projects, which provided grants for textbooks ($40 million) and school rehabilitation ($60 million).

On December 23, 2005, the International Monetary Fund (IMF) approved Iraq's request for an economic reform program in the form of a Stand-By Arrangement (SBA) with the goal of maintaining macroeconomic stability and providing sustainable growth over the medium term. The IMF approval of Iraq's economic reform program recognizes real progress in managing the

nation's economy and, assuming good performance by the Government of Iraq, should help catalyze further international support by signaling to investors that a stable economic framework is in place. The 15-month SBA program aims to strengthen administrative capacity, provides for sufficient allocation of resources towards oil sector investment, and seeks to support the reduction of general subsidies in order to free up resources for additional, targeted provisions of social services. The SBA permits Iraq to borrow up to $680 million, and the IMF's approval of the arrangement ensures Iraq qualifies for the next portion of the Paris Club foreign debt reduction agreement.

Iraq's high level of Saddam-era debt (approximately $125 billion, 375% debt-to-Gross-Domestic-Product ratio) precluded it from borrowing abroad and levied an unmanageable burden on the developing Iraqi economy. The Paris Club (plus Korea) agreement on November 21, 2004, to reduce their claims on Iraq by 80%, combined with similar treatment from non-Paris club creditors, will help bring Iraq's debt to sustainable levels. Thus far, Iraq has qualified for 60% debt reduction and will earn the remaining 20% debt reduction upon successful conclusion of three years of performance under the SBA and successor arrangements. Paris Club creditors continue to sign bilateral debt agreements with Iraq based on this arrangement. As of January 2006, 13 out of the 18 creditors have signed such agreements.

Also, in December, Slovakia became the third nation, after the United States and Malta, to forgive 100% of Iraq's debt. The process of debt reconciliation with non-Paris Club creditors is moving more slowly, but some of the largest creditors (Gulf countries) have indicated a willingness to provide debt relief on terms at least as favorable as those of the Paris club. Iraq has made much progress in reducing its debts to private commercial creditors. The Government of Iraq has made three rounds of offers; of those receiving offers, all of the large commercial creditors and 71% of small creditors accepted. Offers to the remaining eligible creditors are expected.

Macroeconomic Indicators

Economic indicators are collected and published regularly, largely through the Iraq Ministry of Planning and Development Cooperation and international organizations such as the World Bank, United Nations Development Program, and the International Monetary Fund. Nonetheless, Iraq's ability to generate regular and comprehensive macroeconomic data is still limited due to the legacy of the previous regime and post-war difficulties, although data quality and reporting have improved. The U.S. Government and the international financial organizations are providing assistance to improve the capacity of the Ministry of Planning and Development Cooperation, the Central Office of Statistics and Information Technology, the Ministry of Finance, and the Central Bank of Iraq to improve collection and production of such statistics. The State Department's Iraq Reconstruction Management Office is able to track performance metrics on a few indicators on a weekly basis.

Economic growth remains substantially dependent on the performance of the oil sector, as it accounts for more than two-thirds of Gross Domestic Product (GDP). The dramatic increase in GDP because of the recovery of the oil sector in 2004 tempered in 2005, as the volume of oil

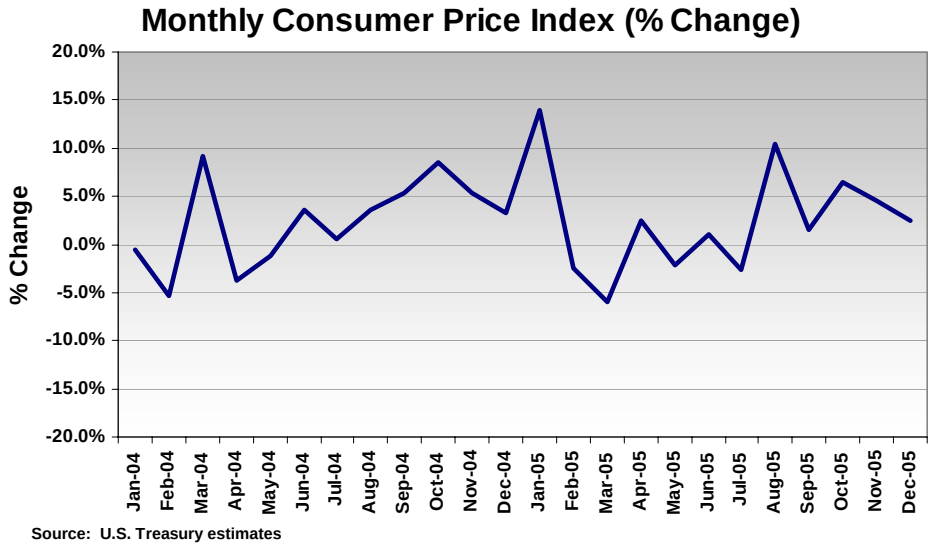
exports declined. The high oil prices in 2005, however, drove nominal GDP per capita to an estimated $1,189, up from the revised nominal GDP per capita of $949 in 2004, according to World Bank and International Monetary Fund estimates.

Despite the extremely difficult security environment, the Iraqi economy enjoyed overall macroeconomic stability during the past year. The currency remains stable, foreign exchange reserves are well above targets, and substantial debt reduction is moving apace. Economic growth is estimated at 2.6% for 2005, and double-digit growth is projected for the next two years. The lower growth rate for 2005 since the last report (previous estimate was 3.7%) reflects revised annual projections by the International Monetary Fund.

GDP Estimates and Projections, 2004-2007				
	2004e	2005p	2006p	2007p
Nominal GDP (in USD billion)	25.7	33.2	41.7	52.8
Government Oil Revenue (in % of GDP)	69.6	67.8	72.9	74.2
Per Capita GDP (USD)	949	1,189	1,452	1,783
Real GDP Growth Rate (%)	46.5	2.6	10.4	15.5
Primary Fiscal Balance (in % of GDP)	-39.6	-10.8	-8.2	-0.3
Consumer Price Inflation (annual %)	32	32(a)	15	10

Source: World Bank and International Monetary Fund estimates (e) and projections (p).
(a) Actual data from the Iraqi Central Office of Statistics and Information Technology.

Annual inflation is expected to moderate from annual rates above 30% in 2004 and 2005. Inflation continues to run at a high but reasonable rate for a country with an expanding economy following decades of mismanagement and conflict. Over the last two years, prices have tended to stay in check the first half of the year but accelerate in the second half of the year largely due to supply constraints. The chart below contains the Monthly Consumer Price Index change through December 2005.

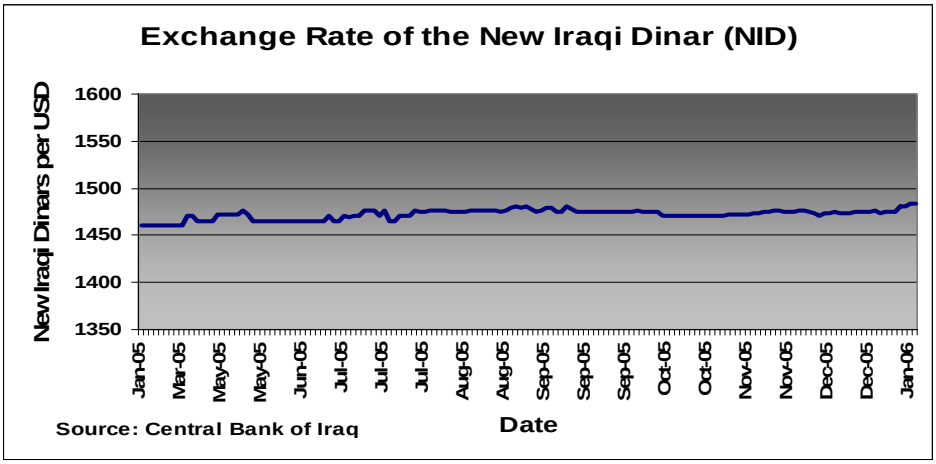


Source: U.S. Treasury estimates

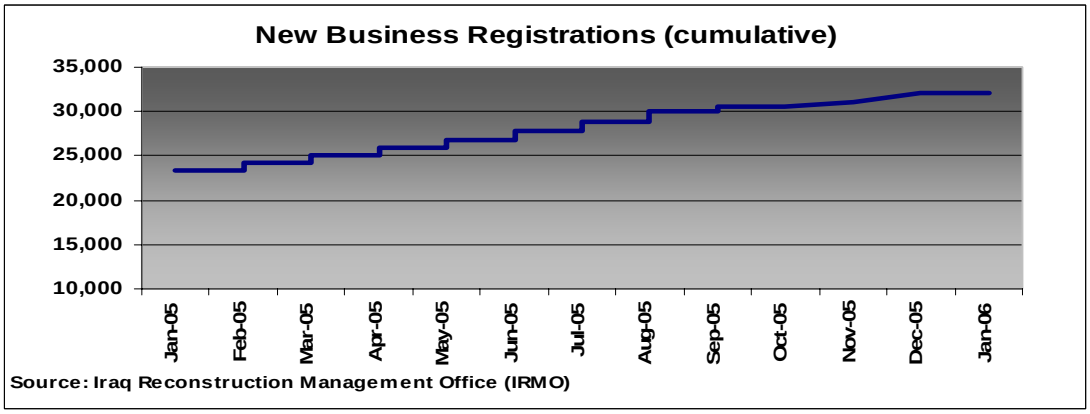
Unemployment and poverty remain concerns, although there are substantial difficulties in measuring them accurately. Official unemployment statistics from the Government of Iraq place unemployment at 28%, although estimates by the UN (according to International Labor

Organization definitions) put unemployment at 10.5%, while a survey by Baghdad University puts national unemployment at 70%. It is likely that the increase in entrepreneurial activity and associated employment may not be accurately captured in most surveys. As a result, the "true" unemployment percentage is probably towards the lower end of the available range. This is consistent with polling in the Baghdad governorate, which estimates unemployment to be approximately 21%. The United States is providing technical assistance to the Iraqi Central Office of Statistics and Information Technology to help develop better economic statistics in Iraq.

The exchange rate for the Iraqi dinar has been stable since its introduction. A stable currency has enabled the Central Bank of Iraq to manage inflationary pressures more effectively and is one of Iraq's macroeconomic success stories.



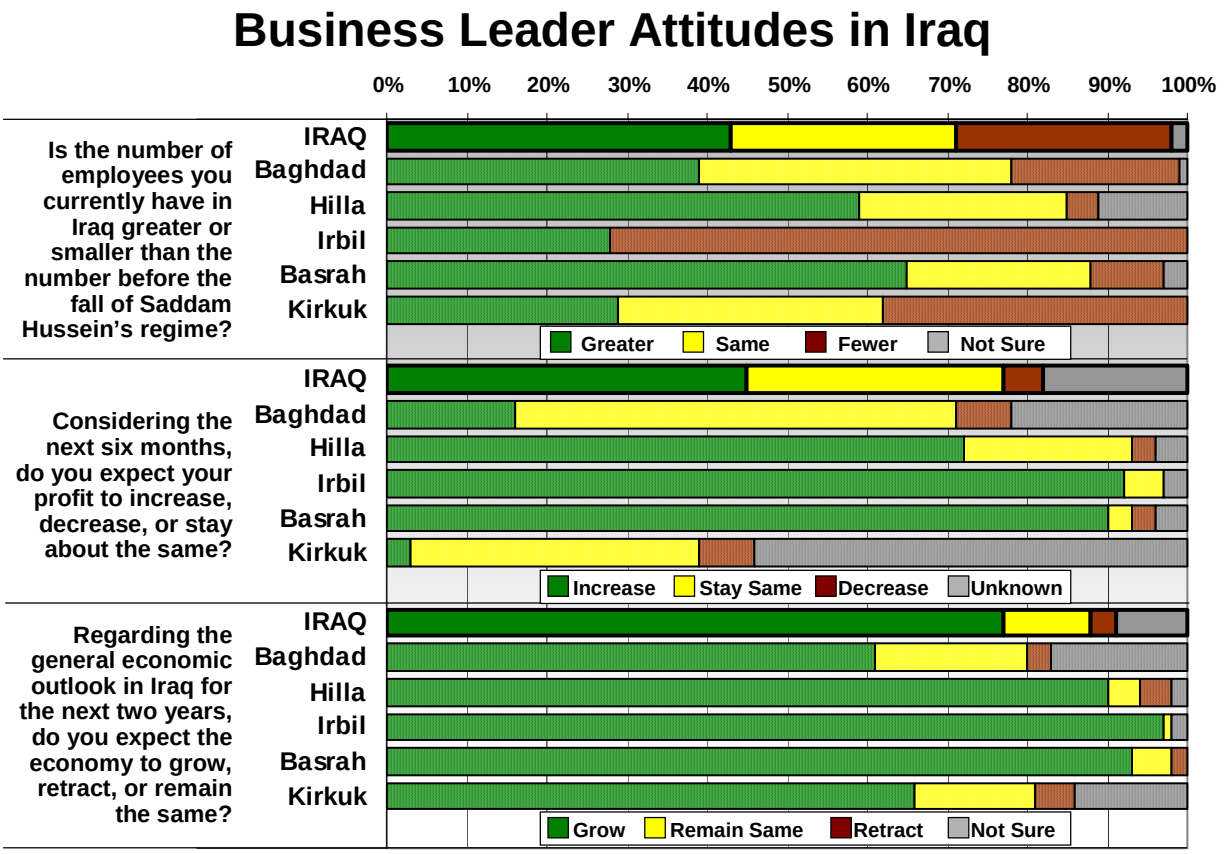
There is evidence of continued expansion of Iraqi private sector activity. U.S. Government agencies are attempting to spur private sector activity by providing microfinance loans, bank lending to small- and medium-sized enterprises, capital market development, business skills development, vocational training, investment promotion, business center support, and establishment of economic zones.



A survey of five major Iraqi cities, published by the Center for International Private Enterprise and presented by Zogby International in October 2005, illuminates some challenges and optimism among Iraqi business leaders. According to the poll, a majority of Iraqi owners and

managers surveyed believe their firms will grow and succeed and that Iraq's economy and political system will continue to grow and develop.

The poll indicates that over 70 percent of businesses have either grown (43%) or remained stable (28%) since the end of Saddam Hussein's regime. Although less than half of Iraqi business owners believe their profits will increase in the next six months, over three-quarters believe the national economy will grow over the next two years.



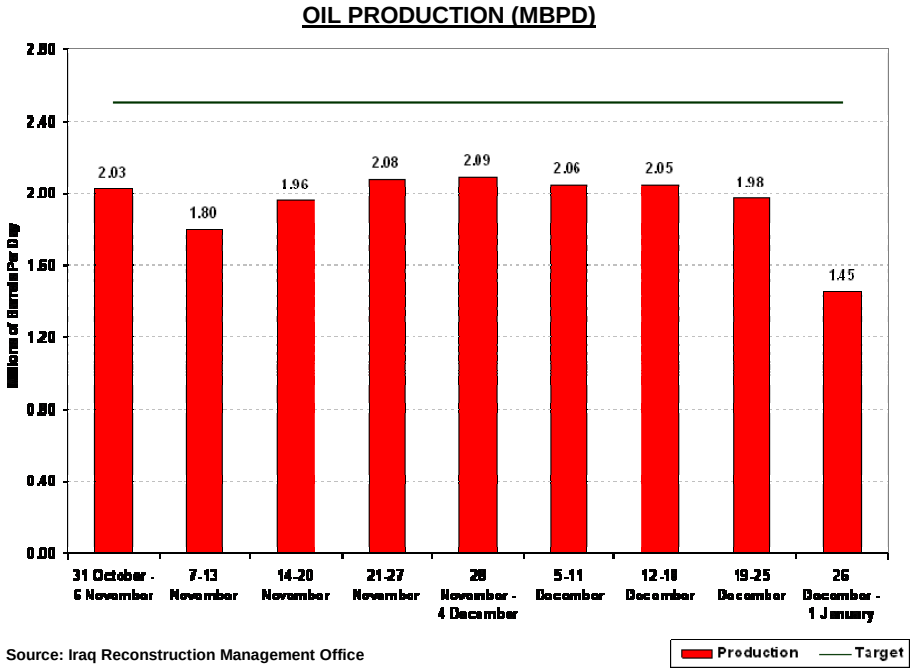
Source: Zogby International Center of International Private Enterprise, July-August 2005

Sector Indicators

Oil Infrastructure

When Coalition forces began Operation Iraqi Freedom, they entered a country whose energy infrastructure had deteriorated over many years. The Coalition set out to help the Iraqi government restore oil facilities, increase production, and improve refining, natural gas production, and pipeline facilities. Reconstruction challenges, terrorist attacks, dilapidated infrastructure, and poor maintenance have slowed progress. Beyond attacks on various

worksites, terrorists have attacked crude export and petroleum product pipelines, impeding exports and the refining and distribution of petroleum products, such as gasoline and diesel.



Source: Iraq Reconstruction Management Office

Crude oil production and exports have declined from a 2.1 and 1.4 million barrels-per-day average, respectively, since the last report, to a 1.9 and 1.2 million barrels-per-day average, respectively. These declines are due to terrorist attacks on infrastructure, poor maintenance practices, and logistics bottlenecks.

Reconstruction efforts are underway to help the Iraqis increase the amount of oil produced and exported. The al-Fatah pipeline crossing in the north, which is vital for increased petroleum product supply and northern crude exports, is more than 50% completed. Gas-oil separation plants to help increase production will be completed by October 2006. The Basra Offshore Terminal is being rehabilitated to increase export capacity and should be completed by August 2006.

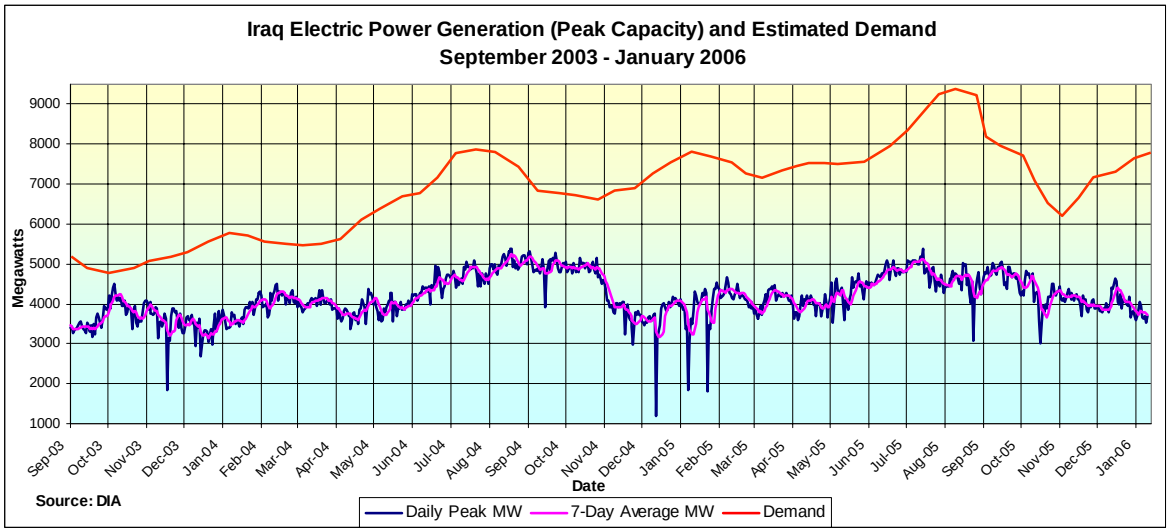
The U.S. Government is working with the Government of Iraq to improve infrastructure security, including the deployment of special Iraqi battalions along key supply and pipeline corridors and the hardening of vulnerable infrastructure. U.S. Government efforts are also focused on combating smuggling and corruption.

Electricity

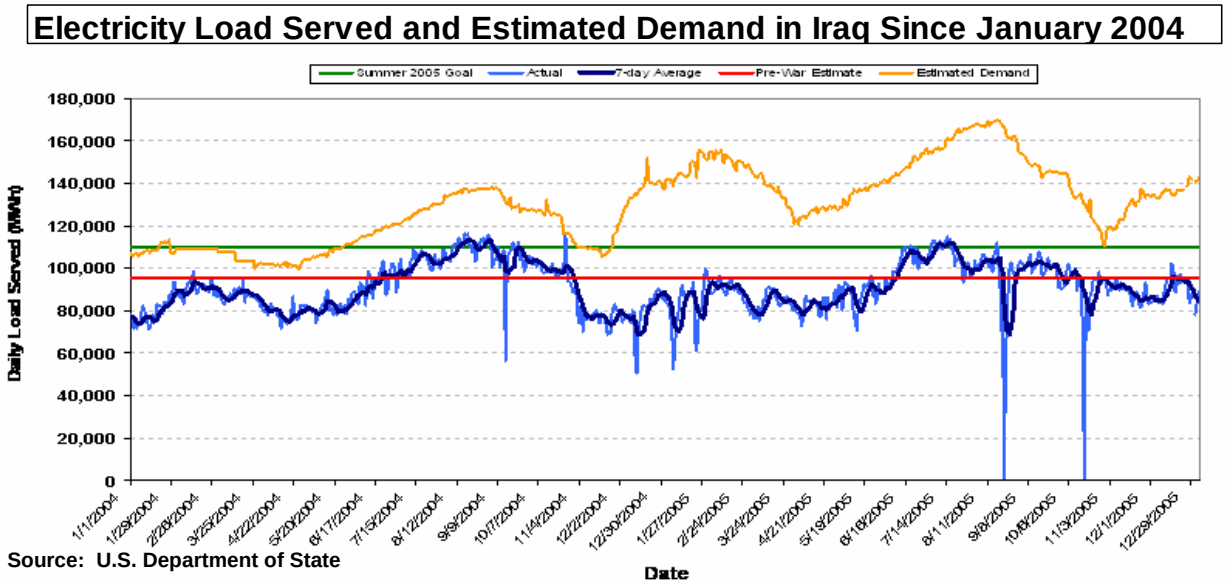
Delivering adequate electric power throughout Iraq continues to be difficult due to sabotage, shortages of refined fuel, reconstruction challenges, substandard operations and maintenance practices, rapidly increasing consumer demand, and an infrastructure that has been deteriorating for years. These challenges have partially offset many of the advances that the Iraqis and

Coalition partners have made in this sector, including the rehabilitation of various units at power plants and training of Iraqis to operate them. To date, over 300 electricity projects have been completed or are nearly complete. In addition, projects are planned or underway that will provide more equitable power distribution to millions of Iraqis.

The U.S. Government is working with the Iraqi government to encourage proper operations and maintenance practices and training and to improve the collection of energy fees while continuing electrical generation and distribution construction projects.

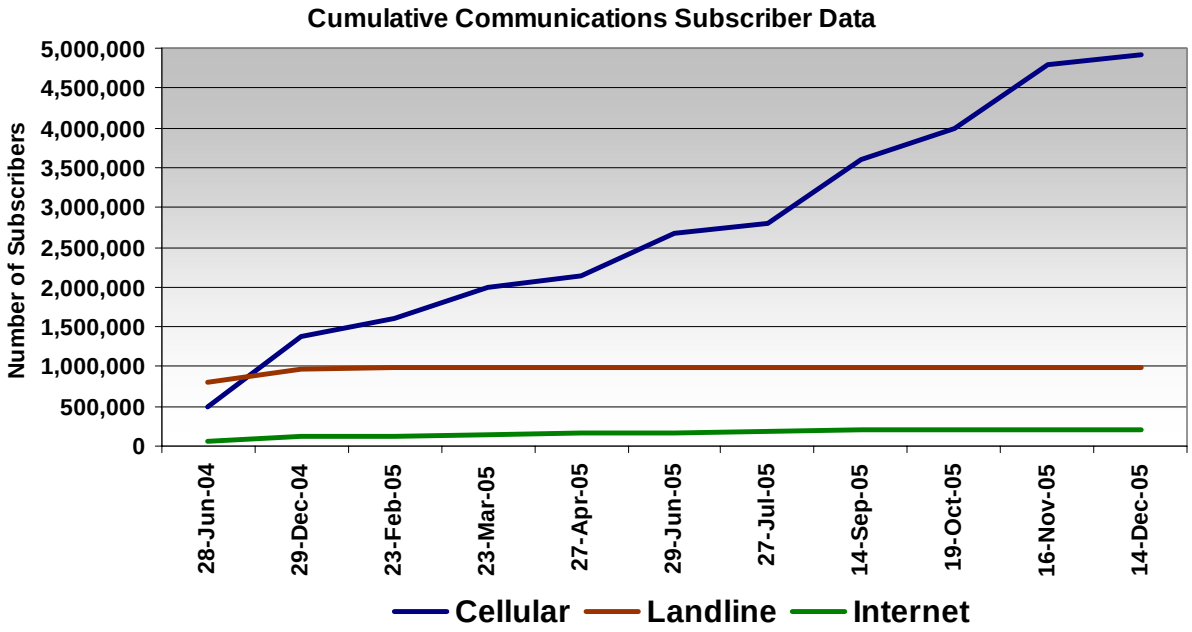


During the reporting period, several large scale attacks on infrastructure significantly damaged transmission lines, resulting in declining hours of power and blackouts on October 14 and 17, 2005. Peak capacity for the three-month reporting period averaged 3,901 megawatts (weekly average), and daily load served averaged 86,395 megawatt hours (MWh).



Communications

The communications sector continues its rapid expansion. Although the number of landline subscribers has been relatively stable, the three major cell phone companies continue to enroll subscribers at healthy rates. The Iraq Reconstruction Management Office reports that as of December 14, 2005, there were 4.9 million cellular telephone subscribers and 1.0 million landline connections. This reflects a 40% increase in cellular subscribers since the last report and nearly a 150% increase in telephone access since the end of 2004. The number of internet subscribers has also increased steadily to over 200,000.



Source: Iraq Reconstruction Management Office (IRMO)

U.S. Government projects continue to support improved communications between Iraqi ministries. Thirty-five government sites in Baghdad, the Central Bank of Iraq, and two state-owned banks have now been connected via the Wireless Broadband Network. This is improving connectivity between ministries. Iraqi telecommunications engineers are being trained on proper operations and maintenance procedures to maintain this network.

Water

Most large-scale potable water, sanitary sewer, and water resources projects have been completed or are well underway. With many large-scale construction activities proceeding towards completion, there has been a shift in focus and effort by the U.S. Government towards sustainability of rehabilitated infrastructure.

Through U.S. Government-funded water projects, both large-scale water treatment facilities and small facilities have been rehabilitated or constructed, with the capacity to serve potable water to an estimated 2.75 million people at a standard level of service. This estimate has been updated since the October report. Additional projects planned or underway will provide water to an additional 4.6 million people at a standard level of service. The disparity in access to potable water in rural areas is being addressed as well. Over 64 rural water improvement projects have been completed, and an additional 47 projects are underway. These rural projects are serving over 700,000 Iraqis in rural areas with an improved water source.

More Iraqis have access to sewage collection and treatment today than in 2003. More than 4.5 million people have access to a standard level of service. In 2003, less than one million Iraqis had access to sewage collection.

Capacity development and operations and maintenance (O&M) are critical to sustaining the substantial investment that has been made by the United States in potable water, sanitation, and water resource infrastructure. The U.S. Government is implementing several initiatives to assist the Iraq Ministry of Water Resources and the Ministry of Municipalities and Public Works in the transition to self-reliance. These programs focus on plant operations training for middle management in project management, water quality assessment, finance and administration, communications, utility master planning, and facilities O&M.

Security Environment

Defeating the enemy and transitioning responsibility to the Iraqi government remain top goals in the security track. To achieve these goals, the United States, its Coalition partners, and the Iraqi government are focused on objectives that include:

- neutralizing enemy effectiveness, influence, and ability to intimidate;
- increasing the capacity of the Iraqi government and its security structures and forces to provide national security and public order; and
- helping Iraq strengthen rule of law capabilities in the areas of law enforcement, justice, and the corrections system.

Indicators of the status of the security environment include:

- enemy composition, strength and support;
- attack trends: numbers and effectiveness;
- Iraqi perception of security; and
- capabilities of Iraqi Security Forces and institutions.

Information about the Iraqi Security Forces is presented later in this report.

The Enemy

As stated in the last report, a noteworthy indicator of progress in the security environment has been the enemy's inability to derail the political process and to foment large-scale ethno-sectarian violence. These are their objectives, and they are failing to achieve them.

Enemy Failure to Achieve Objectives

Rejectionists, Saddamists, and Terrorists have failed to achieve their common operational objectives to:

- Derail the political process
- Foment large-scale ethno-sectarian violence
- Deter development of the Iraq Security Forces
- Damage Iraqi public trust in the Iraq Security Forces
- Expand the conflict regionally
- Widen their political support among the Iraqi People
- Force the premature disengagement of the Coalition

Along each of these lines, the trend has moved against enemy goals

The enemy in Iraq is a combination of rejectionists, Saddamists, and terrorists affiliated with, or inspired by, Al-Qaida.

- Rejectionists separately comprise both Sunni and Shi'a groups, which use violence or coercion in an attempt to force the retreat of Coalition forces. They also reject democratic government. Beyond these shared goals, the groups diverge regarding long-term objectives. Since the last report, some of these groups have attempted to leverage the political process, by participating in the December elections, for example, to achieve short-term goals, while employing violence, threat of violence, or coercion to influence political outcomes as needed. Radical Shi'a cleric Muqtada al Sadr's followers are an example of a Shi'a rejectionist group.

- Saddamists are members of the former regime who occupied positions in the government, military, and intelligence services. Saddamists seek to regain the lost power and privileges they held under the former regime.

- Al-Qaida and its affiliates consist of both foreigners and Iraqis motivated by an extremist Islamist ideology, which rejects the West and seeks to establish an Islamic Caliphate. Abu Musab al-Zarqawi continues to lead Al-Qaida in Iraq.

The enemy remains complex and dynamic, but the conditions in Iraq are significantly different from a year ago. Since the last report, some Sunni rejectionist groups recognized that not participating in the January 2005 elections was a strategic mistake. Even as they continued to use or condone violence, they attempted to advance their agendas through political means; they succeeded in convincing great numbers of their Sunni supporters to vote in the October referendum and in the December 2005 elections. The Sunni Arab turn-out ensured that the Sunni Arab community would have a larger voice in the constitutional Iraqi government than it had possessed in the Iraqi Transitional Government. It has also paved the way for separating those Sunnis willing to accept and work within the new Iraqi regime from those irrevocably committed to violent overthrow of the new Iraq and rule by the privileged and unelected few.

Sunni Arab participation and progress in the political process have caused Sunni rejectionists to pursue alternative means toward achieving their objectives. Rather than attacking the political process, they have shifted toward participation in politics as well as continued violence against Coalition and Iraqi Security Forces. The constitutional process opened a venue for Sunni participation despite ongoing disagreements on issues such as federalism and Arab identity. The possibility of amending the constitution tempered Sunni dissatisfaction; widespread voter turnout and passage of the constitution broadened the opening. The Cairo Preparatory Reconciliation Conference in November 2005, which had representation across the political spectrum, affected how elements of the insurgency are defined. Open discussion, perhaps tacit recognition, of the "resistance" provided an avenue for Sunni rejectionist participation in the political process.

These developments put Sunni rejectionist groups at odds with Al-Qaida and its affiliates, which remain intractable and opposed to democracy. The September 14, 2005, Al-Qaida in Iraq declaration of "War on Shi'a" was the final wedge that split the bond between Al-Qaida, its affiliates, and the Sunni rejectionists. The November 2005 Amman, Jordan, bombing further alienated Iraqi Sunnis and regional Arabs who had given either overt or tacit support to the insurgency. The resulting fracture alters the dynamics of the insurgency in Iraq. Previously, the strategies of Sunni rejectionists, Al-Qaida, and its affiliates were largely complementary. Now, the two groups' lines of operation are divergent and increasingly opposed.

Another example of the growing split between the mainstream Sunni Arab population and the terrorist and foreign fighters is the rise of the Desert Protector Force. This Multi-National Force-Iraq initiative recruited volunteers from the Sunni Arab tribes of al-Anbar province, fielding platoon-sized elements under the authority of the Iraqi Army. This force has engaged in offensive operations against Al-Qaida near the Syrian border and served as scouts and indigenous advisers for Coalition forces in that area.

These developments – coupled with successful Coalition operations to disrupt terrorist networks in Ninawa and Anbar provinces – have combined to change the nature of the collective enemy forces, and, as a result, the overarching term "insurgency" is less of a useful construct today. Previous synergy among enemy groups is breaking apart. Saddamists remain a potential long-term threat due to historical success in seizing power through infiltration and subversion, although it is difficult to determine their current capabilities. Al-Qaida and its affiliates are moving into an increasingly isolated violent position, while Sunni Arabs appear to be moving

towards increased political participation. This divergence is not irreversible. Expansion of the rift will depend largely on the level of Sunni Arab satisfaction with their share of power and whether the new government delivers tangible results to the Sunni population. Minimal Sunni political engagement or rejection of the results of the December election and political process would result in an increase in attack levels as support for the insurgency might increase.

Militias

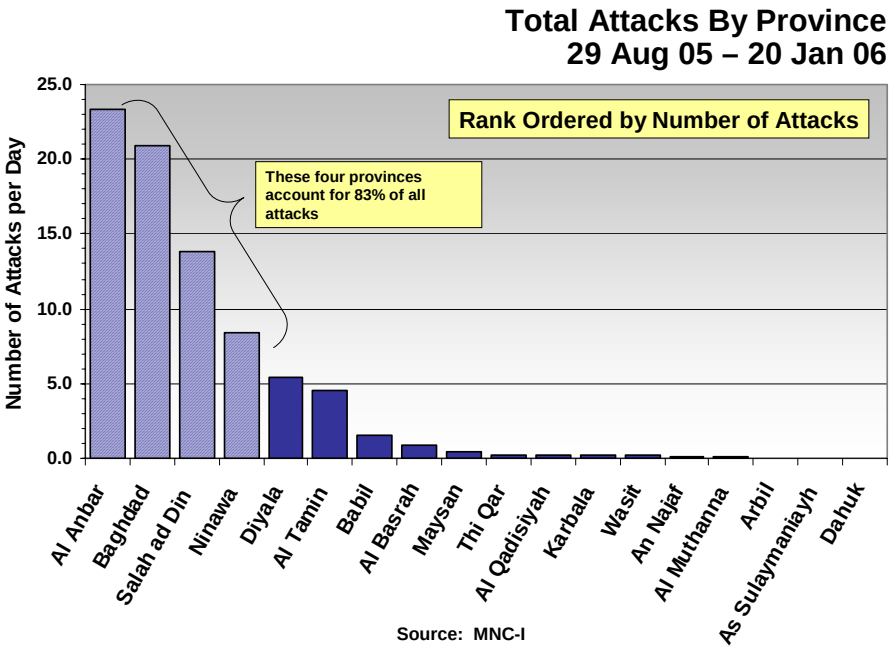
Although authorized militias are not engaged in active violence against Coalition forces and the Iraqi government, the presence of militias is a continuing threat to the rule of law and a potentially destabilizing influence on both security and governance. Militia organizations, composition, activity, and integration were extensively described in the last report.

The Peshmerga, Badr Organization, and Jaysh al-Mahdi (JAM) are the largest of the known militias. Under Coalition Provisional Authority Order 91, which is still in effect, the Peshmerga and the Badr Organization are defined as authorized militias. The JAM has attacked Iraqi forces and continues to engage in violence against the Coalition, so it is defined as an illegal militia. However, JAM personnel have joined local government security forces, as have elements of the Peshmerga and Badr Organization. Such incorporation is not inconsistent with the official policy of reintegrating militia into regular Iraqi security structures. However, the concern is that this "integration" results in security forces that may be more loyal to their political support organization than to the central Iraqi government or constitution. Unlike the Kurds and Shi'a Arabs that make up these groups, the Sunni Arabs have no large militia. The presence of militia such as the Peshmerga, Badr Organization, and Jaysh al-Mahdi in the security forces contributes to Sunni concerns about the potential for persecution.

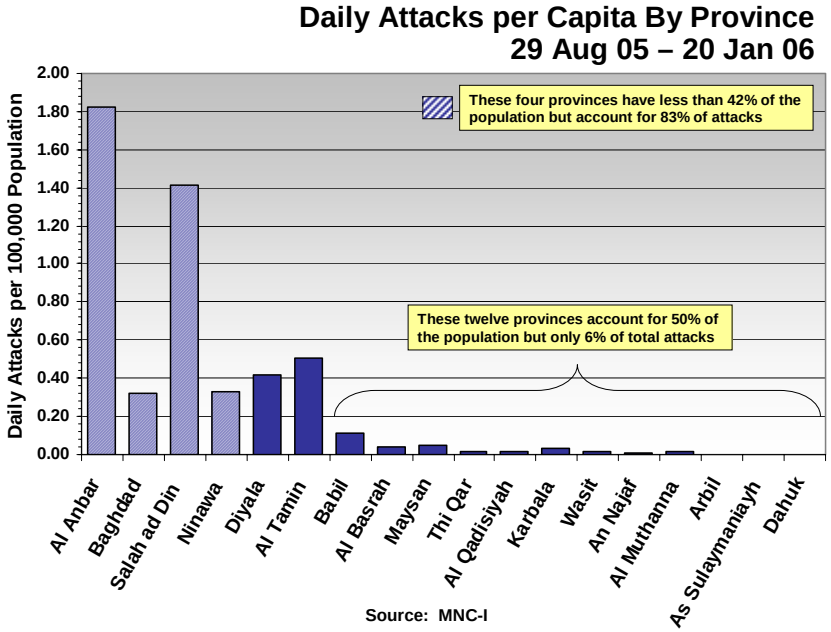
The militias described above, along with other smaller militias, operate openly, and with popular support, in areas where they are seen to provide social services and contribute to local security of the population. This activity and support are likely to continue in areas where Iraqi institutions and forces have developed requisite capabilities and readiness.

Attack Trends

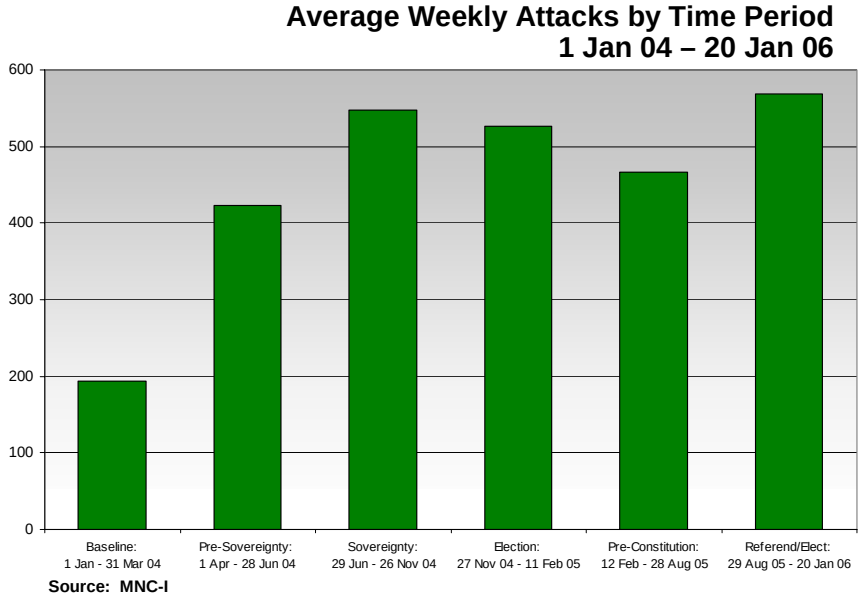
Over the last quarter, the number of improvised explosive device attacks has been trending downward, but rejectionists conduct large numbers of small arms fire and indirect fire attacks, most of which continue to cause no casualties. In fact, over three-quarters of all attacks result in no casualties or serious damage. Al-Qaida and its affiliates continue to employ suicide attacks, increasingly focusing on civilians and Iraqi Security Forces, attempting to generate a vicious cycle of sectarian violence, amplifying the effects of these attacks through information operations.



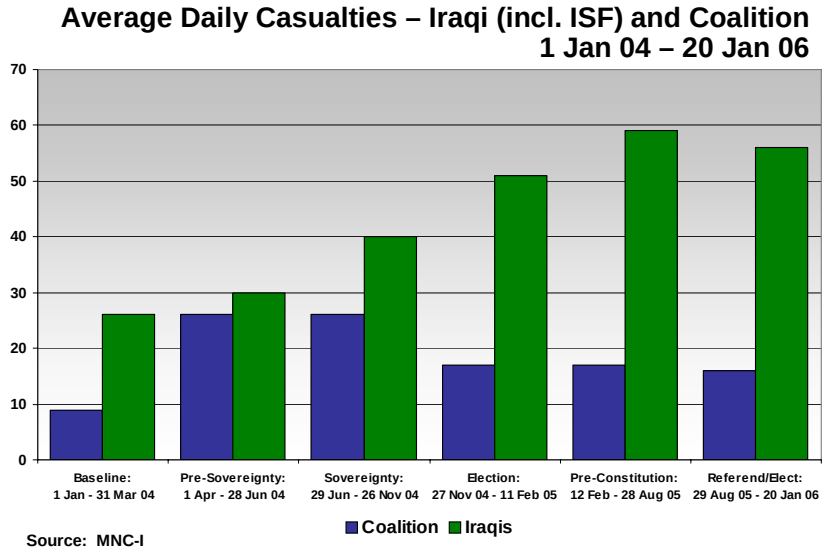
Approximately 83% of insurgent attacks are in four of Iraq's 18 provinces, containing less than 42% of the population. Twelve provinces, containing 50% of the population, experience only 6% of all attacks; eleven provinces averaged one or fewer attacks per day since August 2005. The complexity and effectiveness of these attacks vary. They can range from a single insurgent executing an ineffective attack to a highly coordinated attack using different weapons systems. There have been only four of these more complex coordinated attacks in the last six months. Overall, the terrorists and insurgents now avoid Fallujah-like confrontations with Coalition and Iraqi Security Forces.



In the run-up to the October 2005 constitutional referendum, the number of attacks increased, as expected, as insurgents unsuccessfully attempted to disrupt the political process. There were reduced levels of violence in the months following the referendum. The chart below consolidates pre- and post-referendum events, so it does not capture this reduction.

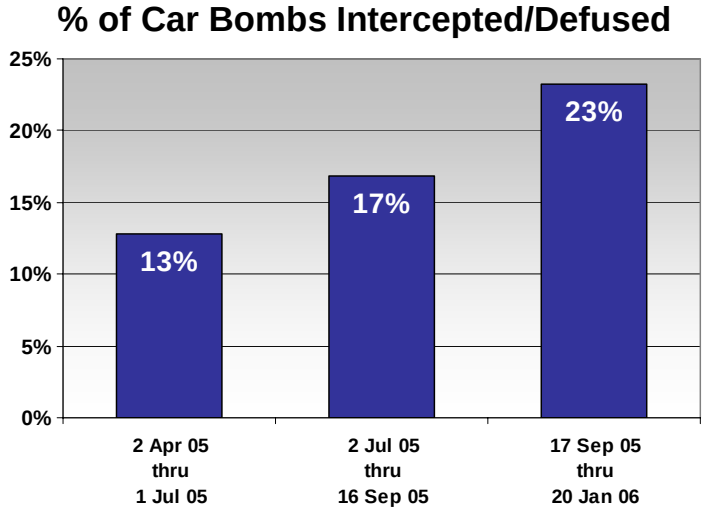


Although almost 80% of all attacks are directed against Coalition forces, three-quarters of all casualties are suffered by Iraqis. Insurgents have learned to avoid head-to-head engagements with Coalition forces, using stand-off or hit-and-run attacks instead. Improvised explosive devices remain the primary insurgent method of attack.



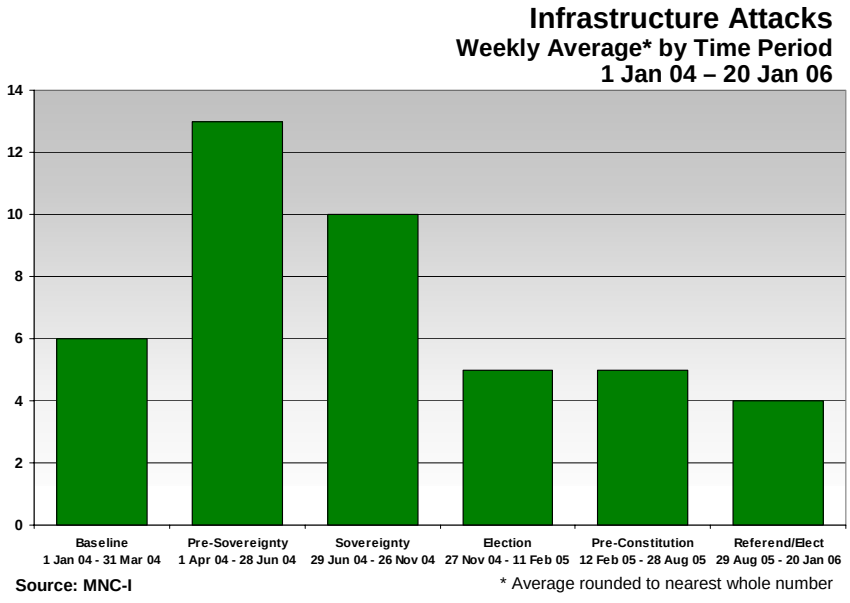
Casualty data on this slide reflect updated data for each period and are derived from unverified initial reports submitted by Coalition elements responding to an incident; the inconclusivity of these numbers constrains them to be used for comparative purposes only

The ability of Coalition forces and the Iraqi Security Forces to detect and defuse these devices continues to improve. In this reporting period, 23% of car bombs were intercepted and rendered safe before they indiscriminately killed or maimed their intended victims.



Infrastructure Attacks

Attacks on Iraq's infrastructure account for an extremely small portion of total attacks, but, combined with other factors not related to attacks, they continue to have a significant impact on the generation of oil revenue and heighten public dissatisfaction over essential services, such as electricity and water supplies. Although the number of infrastructure attacks continued to go down, the severity of the attacks has gone up. The enemy has become more proficient at targeting critical infrastructure vulnerabilities and at intimidating workers, such as truck drivers, who are essential to distribution of oil and essential services. The United States will continue to work with the Iraqi government to improve infrastructure security plans and operations that address the protection of Iraqi oil and essential services.



Sectarian Conflict

Terrorist groups have so far failed to create widespread sectarian conflict, despite this being a clear goal of some. Terrorist leader Abu Musab al-Zarqawi has publicly advocated attacks that intensify sectarian tension and has "declared war" on the Shi'a. Al-Qaida in Iraq has killed thousands of Shi'a men, women, and children throughout the year in a series of bloody suicide attacks against mosques, markets, and other locations where Shi'a gather in large numbers. Ministry of Interior security units, which are majority Shi'a Arab and which are suspected of being penetrated to some degree by Shi'a militias, have carried out attacks against and detention of Sunni Arabs that are suspected Ba'athists. Ethnic tensions also exist in northern Iraq between Kurds and ethnic minorities, including Turkomans, Assyrians, and Chaldeans.

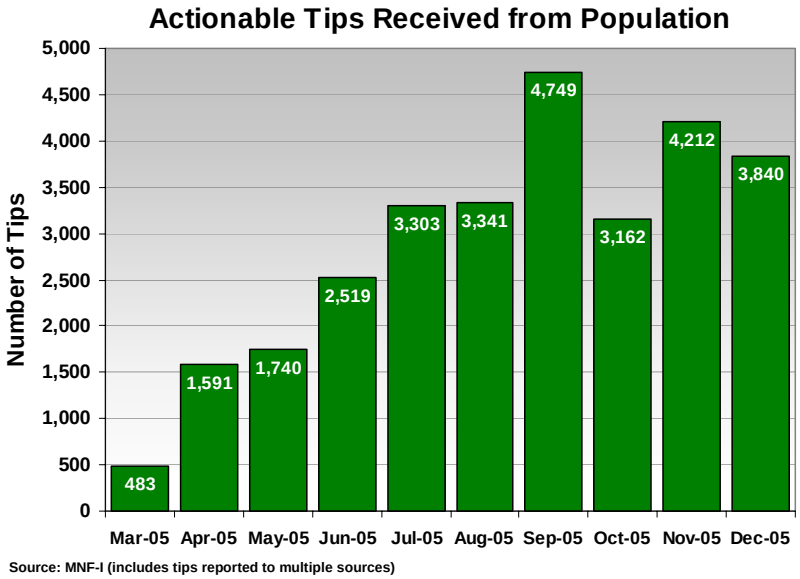
The number of estimated sectarian incidents is low when compared to total attacks, but the brutal methods used and the media coverage of these incidents increase concerns that sectarian violence could escalate. Government power-sharing, integration of the ISF, and events such as the recent reconciliation conference in Cairo are just some of the initiatives underway to defuse sectarian tensions.

Classifying violence as "sectarian" is frequently a matter of perception; it is often difficult to differentiate between attacks on citizens in general (including tribal and local vendettas, and pure criminal activity) and those specifically targeting members of a particular sect. To date, the level of sectarian violence has been sporadic, but ethno-sectarian attacks may increase in an effort to provoke reprisals. Iraqis may counter violence with localized protection "militias," discussed earlier. Positive statements from religious and political leaders will continue to help dampen violent reactions to such provocations.

Iraqi Perception of Security

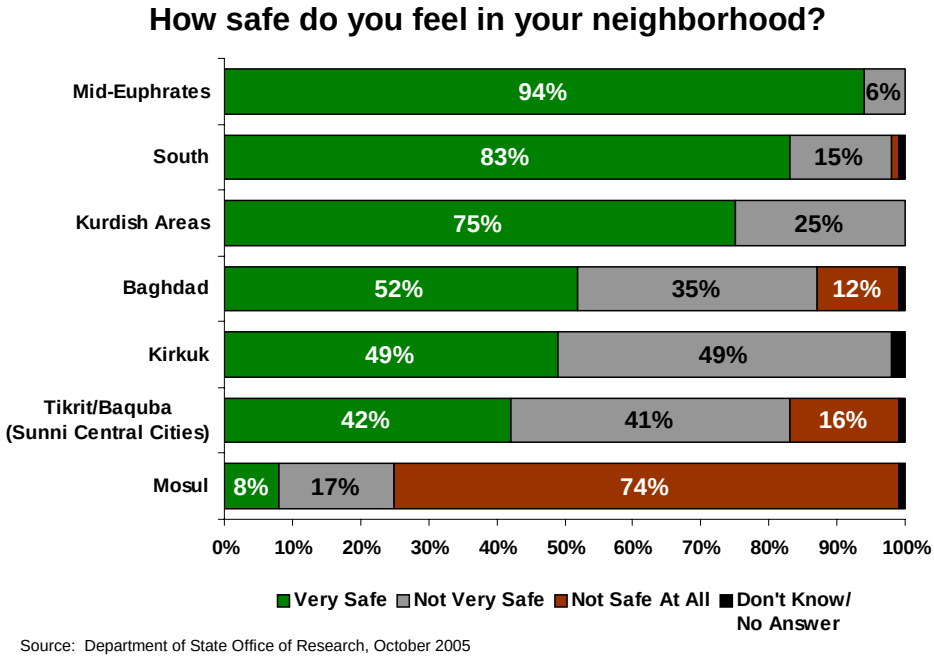
A successful counterinsurgency campaign must foster a sense of trust and confidence by the population in their government. Consequently, the perception of security by the local populace can be more important to the outcome of a campaign than any empirical data. Recent polls indicate that security remains a top concern for most Iraqis. At the same time, Iraqis view attacks directed against civilians as the work of terrorists and criminals, indicating a disaffection of the population from the terrorist and foreign fighter element of the anti-Iraqi forces.

A significant indicator of popular perception and a significant factor enabling progress against the enemy is the continued high level of actionable intelligence tips received from the population.



In a December 2005 ABC News Poll, 81% of the Iraqis interviewed said that security is one of their top three priorities, with 57% rating it as their number-one priority. However, 61% of those polled rate their security as "good" or better, and 77% believe that security will be better a year from now.

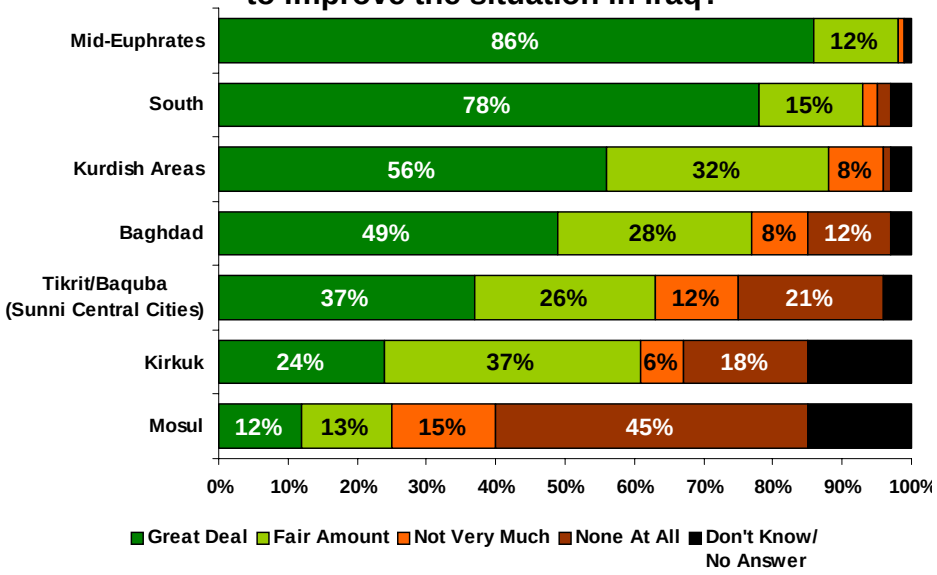
In other polls, the vast majority of respondents in the Mid-Euphrates, South, and Kurdish areas report that they feel safe in their neighborhood, while respondents in the Baghdad area feeling safe in their neighborhood doubled since the last report. However, the Tikrit/Baquba and Mosul areas, both with high Sunni-Arab populations, are less likely to state they feel safe in their neighborhood.



Source: Department of State Office of Research, October 2005

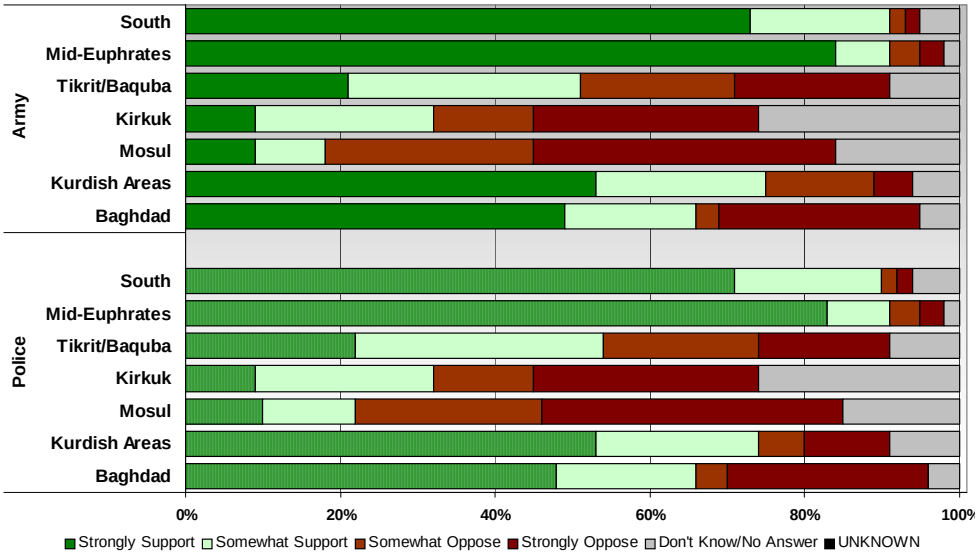
Not surprisingly, in the Shi'a-dominated regions of the mid-Euphrates and South, Iraqis continue to show strong support for their security forces, where respondents express a "great deal" of confidence in the Iraqi Army to improve the situation. Iraqis in these areas are also most willing to enlist or support a household member joining the Iraqi Security Forces. Regional disparities in perceptions of personal safety and opinion of the Iraqi Security Forces influence how Iraqis view the overall situation in the country's movement in the right direction.

How much confidence do you have in the [Iraqi Army] to improve the situation in Iraq?



Source: Department of State Office of Research, November 2005

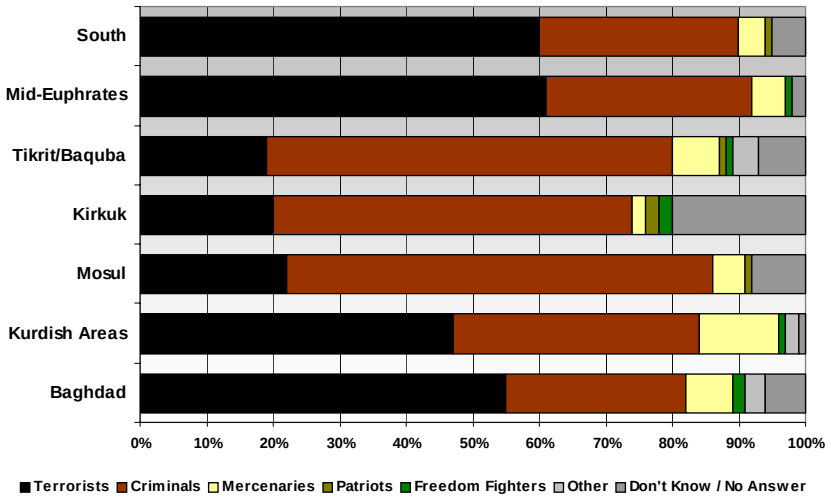
Would you support or oppose that you, or one of your household, join the new Iraqi Army/Police?



Source: Department of State Office of Research, October 2005

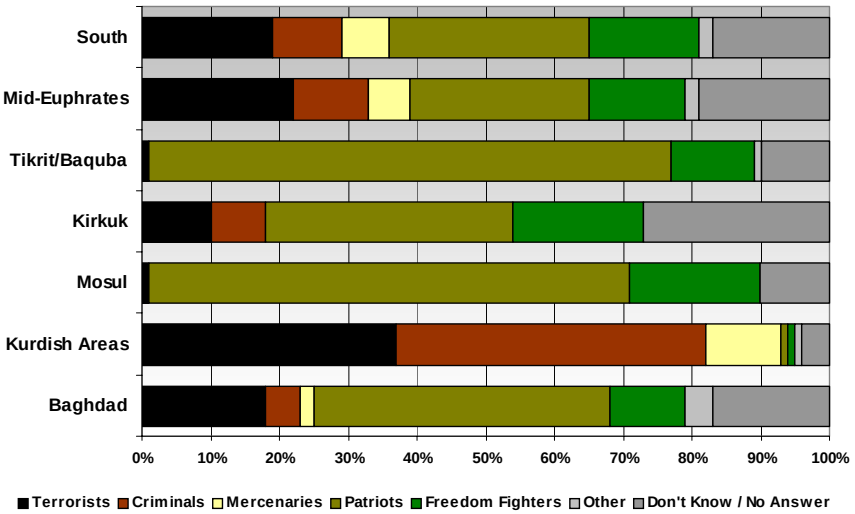
When asked to describe those responsible for attacks against Iraqi civilians, only a small percentage chose terms such as "freedom fighter" or "patriot." Instead, the overwhelming majority in every region polled chose the terms "terrorist" and "criminal," terms that may have little distinction among the respondents. This is another strong indication of the isolation of the terrorists and foreign fighters from the Iraqi people. However, when asked to describe those who attack Coalition forces, the response becomes more diverse, with a large number of people selecting "patriot" and "freedom fighter." The exception is the Kurdish areas where "terrorist" and "criminal" remain the overwhelming choice.

How would you describe the perpetrators of the recent violence against Iraqi civilians?



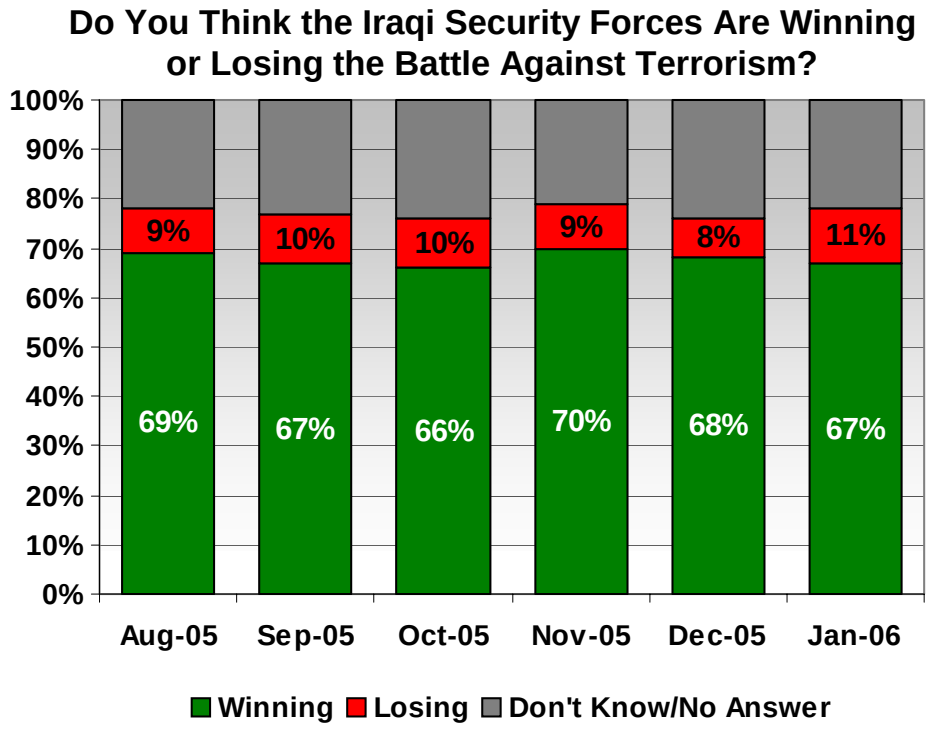
Source: Department of State Office of Research Nationwide Survey, October 24-27, 2005

How would you describe the perpetrators of the recent violence against Multinational Forces?



Source: Department of State Office of Research, October 24-27, 2005

Despite the overall increase in the number of attacks and headline-making news reports of civilian casualties, the Iraqi people perceive that they are winning in their fight against terrorism. Over the last six months, according to recent polling data, two-thirds of Iraqis polled have steadily expressed the belief that the Iraqi Security Forces are winning the battle against terrorism.



Source: Iraqi Public Opinion Poll

II. Security Forces Training and Performance

Iraqi Security Forces continue to grow in strength and capability with progress documented through indicators that include:

- progress in the training and equipping of Iraqi Security Forces personnel, as well as development of institutional capability within the Ministry of Defence and Ministry of Interior;
- readiness assessments of operational units; and
- progress in assuming responsibility for security of areas within Iraq.

Iraqi Security Forces (ISF) continue to assume more battle space with one division assuming command and control responsibilities in January 2006. Coalition forces continue to support and assist the ISF as they move towards the capability for fully independent operations and security self-reliance. Currently, 29% of all trained and equipped Iraqi Army units own battle space.

As the Ministry of Defence and Ministry of Interior continue to man, train, and equip forces, increased emphasis has been placed on the development of institutional capacity within the security ministries to direct, support, and sustain these forces. The total number of trained and equipped ISF surpassed 227,000 in January 2006, an increase of over 35,000 personnel from the last report in October 2005.

Current Status of Trained and Equipped Iraqi Security Forces

UNCLASSIFIED

Ministry of Defence Forces*

COMPONENT	OPERATIONAL
ARMY	~105,600
AIR FORCE	~500
NAVY	~800
TOTAL	~106,900

Ministry of Interior Forces**

COMPONENT	TRAINED & EQUIPPED
POLICE	~82,400
HIGHWAY PATROL	
OTHER MOI FORCES	~38,000
TOTAL	~120,400

Data as of 23 JAN 06

Total Trained & Equipped ISF:

~227,300

***Ministry of Defence Forces:** Absent Without Leave (AWOL) personnel are not included in these numbers. Unauthorized absences are no longer impacting operations. The Army component includes the operational totals of the combat battalions, special operations forces, combat support/combat service support/training units, and the Strategic Infrastructure Battalions.

****Ministry of Interior Forces:** Exact Absent Without Leave (AWOL) personnel numbers are unknown. However, embedded Special Police Transition Teams (SPTTs) and the Police Partnership Program (P3s) are gaining better fidelity on MOI present-for-duty status. As a result, all known police AWOL and casualties have been dropped from the rolls and are not included in these numbers.

Although these numbers are key indicators of the progress being made by the security forces, the improved capabilities of these forces are equally significant indicators. Numbers and quantitative measures are somewhat lacking in their ability to gauge leadership competencies within units or the propensity of units to fight as cohesive organizations under the stress of combat. Nonetheless, anecdotal evidence suggests improvement in these critical parameters. Despite increases in operational effectiveness, these units remain largely dependent on Coalition support for logistics and other combat enablers.

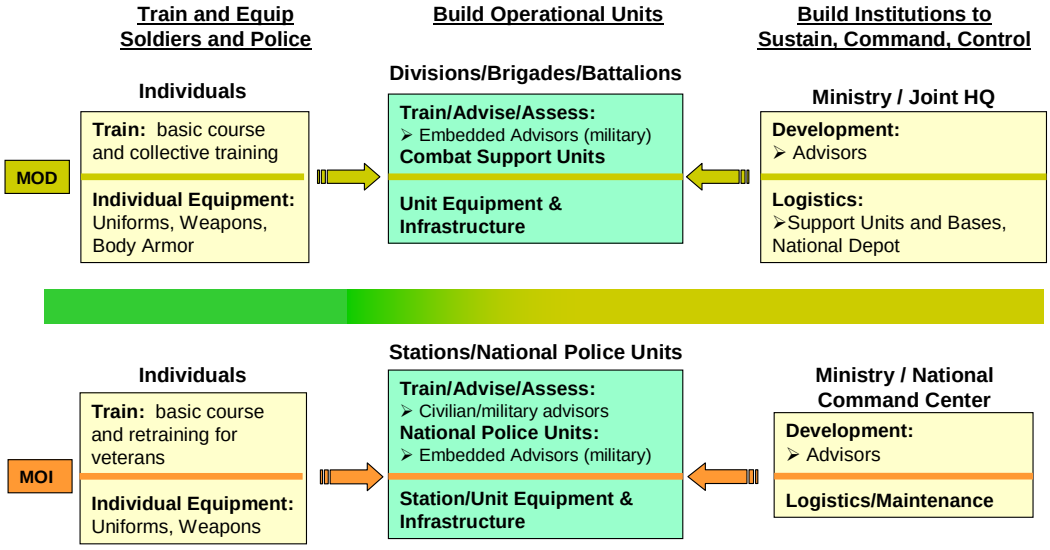
The Desert Protector Force is a Multi-National Force-Iraq and Ministry of Defence initiative started in September 2005. It is a focused Sunni-Arab recruiting effort to reflect the diverse fabric of al-Anbar province. Since its inception, over 200 recruits have completed training and are integrated as platoon size elements into Iraqi Army units in Anbar. These forces performed notably during focused operations against Al-Qaida in al-Qa'im, providing valuable indigenous advice and expertise to Coalition forces. Recruiting efforts under this program continue, but the focus has switched from tribal recruiting to Anbar regional recruiting for the ISF, including the Iraqi Police and Border Force. Implementation of this geographic and regional recruitment initiative complies with current policies regarding the building of a self-reliant ISF.

With the generation of regular line infantry battalions now largely complete, the focus of the train-and-equip program is shifting towards building combat support and combat service support units. These units will provide combat enablers such as logistics/transportation support; intelligence, surveillance, and reconnaissance; and medical support that the Iraqi Army needs to sustain operations with minimal or no Coalition assistance. As these units become increasingly capable, more Iraqi units will be able to advance toward full independence, and more of them will be able to assume responsibility for their areas of operation.

In order to realize security self-reliance, the tactical and operational capabilities of Iraqi Army and National Police units and their support elements must be complemented with developed institutional capabilities within the Ministry of Defence and Ministry of Interior. These ministries have continued to experience challenges with critical institutional functions, including administrative processes, programming and budgeting, finance, and life support and sustainment. The mission to build the ministerial capability required to manage and sustain the operating forces shifted on October 1, 2005, from the Department of State’s Iraq Reconstruction Management Office to the Multi-National Security Transition Command-Iraq (MNSTC-I). This realignment enables a unified and synchronized effort under the direction of MNSTC-I to ensure these pivotal ministerial functions develop commensurate with that of the Iraqi Security Forces.

Training and equipping individual soldiers and police is only one component of generating capable units. Operational units require effective military and civilian institutions to provide direction and oversight, as well as the administrative and logistic support and sustainment structures necessary to maintain the force. Finally, soldiers, equipment, support, and direction must be put together to create trained and proficient combat units and police forces.

Building the Iraqi Security Forces



Force generation of the Iraqi Armed Forces and Police Forces has continued apace this quarter, with an increased emphasis on the professional development of these generated forces. Professionalization is imperative for long-term success of the security forces; this quarter, Iraqi and Coalition forces have established and refined numerous courses focused on enhancing leadership and professional development.

Readiness of Iraqi Security Forces

As described in the previous report, a key measure of progress is the growth in the number of operational units and in the percentage of these units capable of taking the lead in combat operations. Iraqi units are assessed at four different levels of readiness across a spectrum that ranges from "in the process of being formed and/or incapable of conducting operations" at level four to "fully capable of planning, executing, and sustaining independent operations" at level one.

Units in the top three levels are all operational – that is, capable of (and frequently engaged in) operations against the enemy. Units at level three are fighting alongside Coalition units. Level two units are "in the lead" – this level is the critical achievement that marks the point at which a unit can take over its own battle space. Units at level two can control their own areas of responsibility and, therefore, allow Coalition units to focus elsewhere.

At the top level, level one, the unit is fully independent and requires no Coalition assistance. Considering the need for further development of Iraqi logistical elements, ministry capacity and capability, intelligence structures, and command and control, it will take some time before a substantial number of units are assessed as fully independent and requiring no assistance.

Levels of readiness for Iraqi units are evaluated by embedded Coalition teams using the Transition Readiness Assessment (TRA) process described in the July report. The TRA began about a year ago and since then has been refined to enable more accurate capture and measurement of inputs from the advisory teams on the various criteria being assessed, such as manning, command and control, training, sustainment/logistics, equipping, and leadership. These variables may change over time – just as is the case for U.S. units – as key personnel rotate, equipment is added or replaced, the tempo of unit operations tempo changes, and so forth. As changes occur, especially those which occur in a hostile environment, the assessed level of readiness will change as well.

The following charts depict the capability of Ministry of Defence (MOD) and Ministry of Interior (MOI) units assessed using the Transition Readiness Assessment (TRA). The MOI table does not include the 82,400 trained and equipped individual Iraqi Police Service and Highway Patrol personnel throughout Iraq. The number of MOI National Police (formerly known as Special Police) units operating "in the lead with Coalition support or fully independent" reflects a re-baselining of MOI National Police Forces that took place in June 2005. At that time, embedded Special Police Transition Teams joined these MOI units and began assessing their effectiveness in accordance with the TRA. All of the 27 MOI authorized National Police battalions and one Emergency Response Unit are trained, equipped, and in the fight. Similar measures to assess the Iraqi Police Service are now underway. This is a more difficult task because the police are not organized into battalions and brigades like military units or even the MOI paramilitary forces. Rather, they are organized into hundreds of police stations spread across Iraq, making it more difficult and expensive to provide the degree of advisor support and assessment that are provided to the MOD units and MOI paramilitary units.

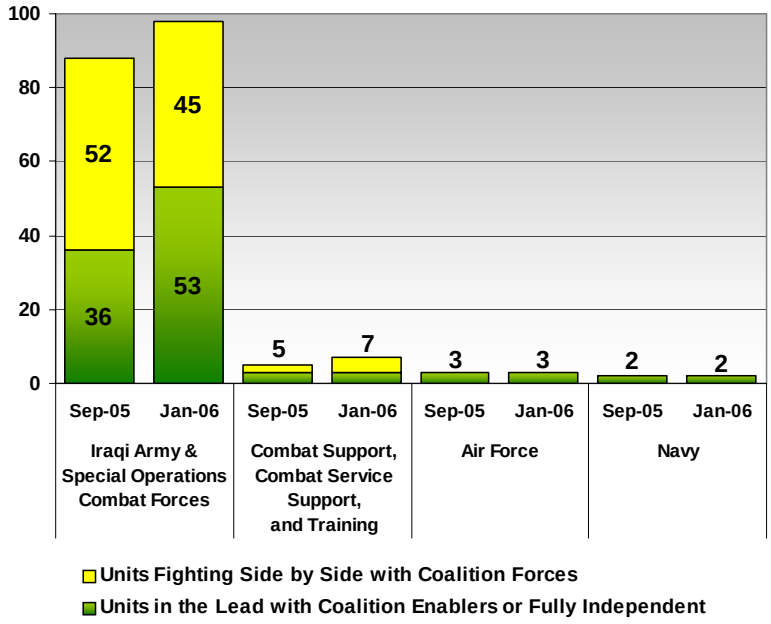
Estimated MOD Forces' Capabilities

COMPONENT	IRAQI UNITS ACTIVELY CONDUCTING COUNTER INSURGENCY OPERATIONS	
	Units Fighting Side by Side with Coalition Forces *	Units in the Lead with Coalition Enablers or Fully Independent
Iraqi Army and Special Operation Combat Forces	45	53
	IRAQI UNITS ACTIVELY SUPPORTING COUNTER INSURGENCY OPERATIONS	
Combat Support, Combat Service Support and Training Units	4	3
Air Force	0	3
Navy	0	2

*** The numbers in this column may decrease as units are assessed into higher levels (i.e. "in the lead" or "fully independent")**

Data as of: 23 January 2006

Estimated MOD Forces' Capabilities



Data as of: 23 January 2006

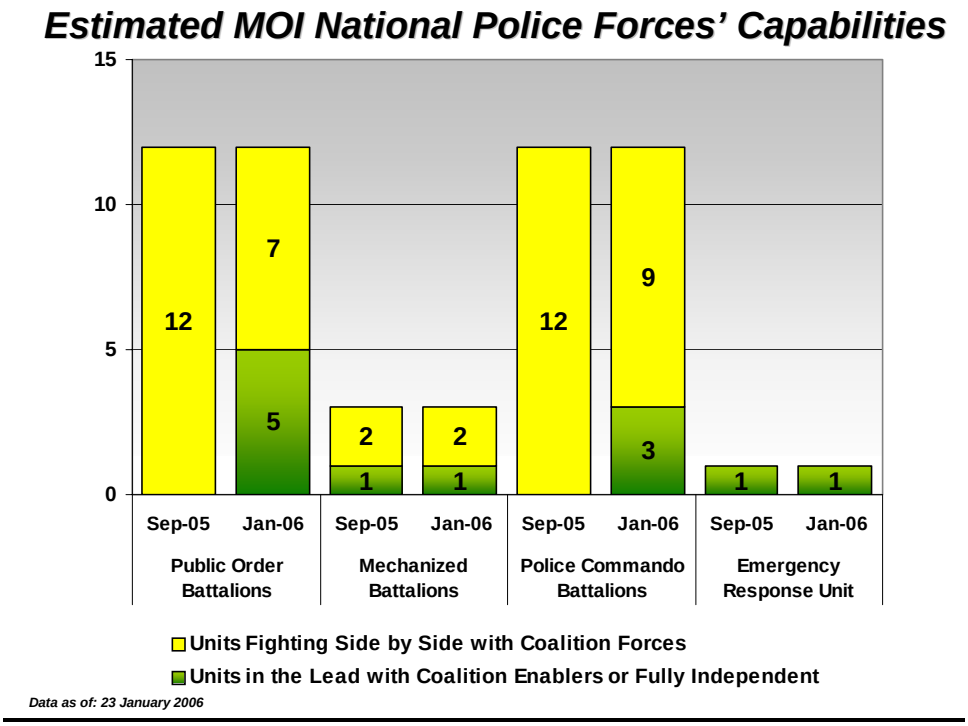
Estimated MOI National Police Forces' Capabilities

COMPONENT	IRAQI UNITS ACTIVELY CONDUCTING COUNTER INSURGENCY OPERATIONS	
	Units Fighting Side by Side with Coalition Forces *	Units in the Lead with Coalition Enablers or Fully Independent
Public Order Battalions	7	5
Mechanized Battalions	2	1
Police Commando Battalions	9	3
Emergency Response Unit	0	1

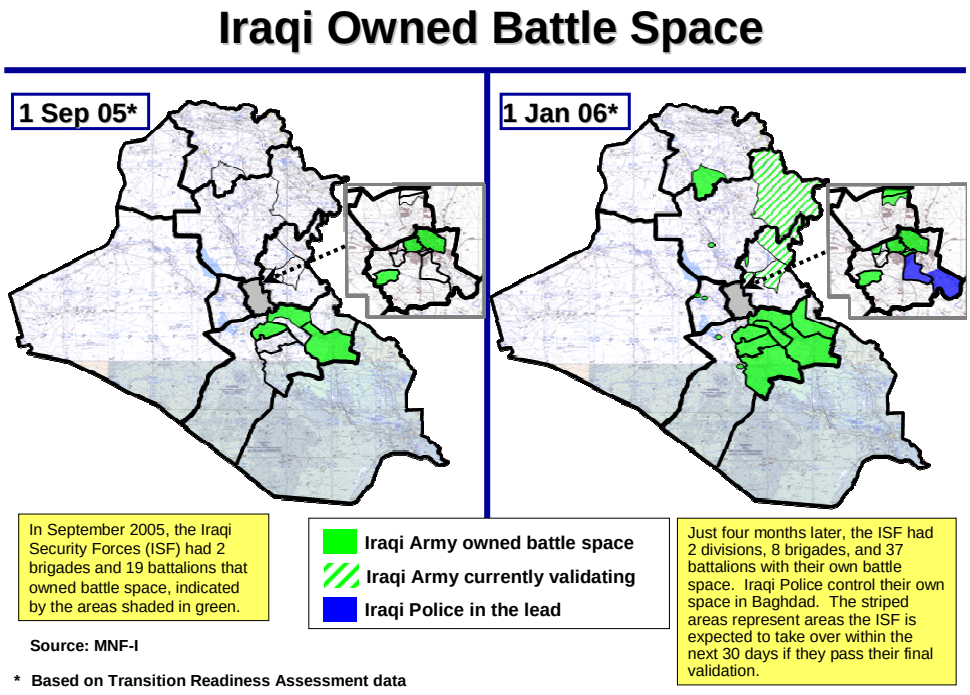
For conventional police forces, these metrics do not apply.

*** The numbers in this column may decrease as units are assessed into higher levels (i.e. "in the lead" or "fully independent")**

Data as of: 23 January 2006



Thirty-seven Iraqi Army battalions now control their own battle space. Iraqi Security Forces (ISF) are responsible for security in roughly 460 square miles of Baghdad and more than 11,600 square miles in other provinces of Iraq, an increase of over 4,000 square miles since the last report. Over the last three months, the number of ISF independent operations exceeded the number of Coalition force independent operations. ISF independent operations increased by 24% since May 2005.

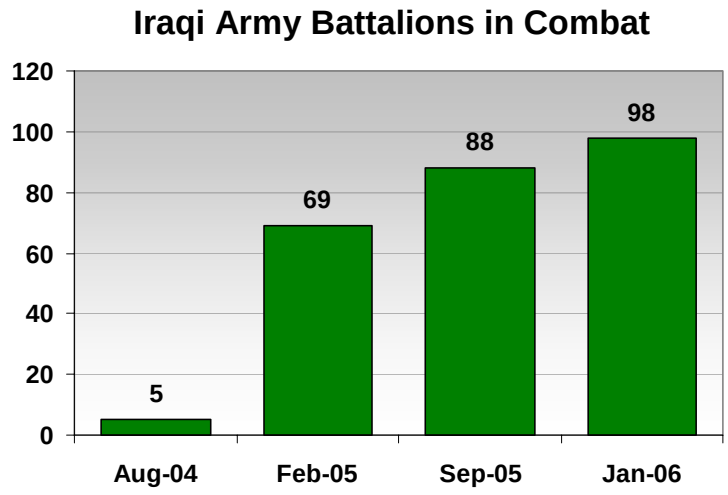


Ministry Of Defence Forces

Ministry of Defence (MOD) forces consist of Army (including Special Forces), Air Force, and Navy (including Marines) personnel. Since the October report, the total number of MOD personnel trained and equipped surpassed 100,000. The main emphasis of remaining force generation will be on building the combat support and combat service support units that enable fully independent operations. The Iraqi Armed Forces are on track to achieve a projected end-strength of approximately 131,000 soldiers by mid-2006.

The Iraqi Armed Forces must be a professional force representative of the diverse ethnic and religious fabric of Iraq. In order to achieve this, the MOD is making a focused effort to recruit personnel from across the spectrum of Iraqi society, in accordance with the new Iraqi Constitution that guarantees equal opportunities for all Iraqis. A lack of recruiting centers in largely Sunni areas has been mitigated by mobile recruiting missions throughout areas such as the Euphrates River Valley. New recruits take an oath of allegiance to the nation and to the Iraqi Constitution to uphold the principles espoused therein. It is important to note that, although these efforts are ensuring that current recruiting efforts are aimed at creating a representative force, this does not mean that all units are fully representative of the national ethnic composition; indeed, some cross-leveling is done, but it is not practical to achieve uniform balance across all ten divisions at this time. The cross-leveling must achieve reassignment of soldiers to units away from their home regions without affecting attrition due to the long distances soldiers would then need to travel every month to bring the salaries to their families – a practice necessitated by Iraq's limited banking system. MOD policy strictly prohibits unit commanders from hiring their own personnel and clearly requires enlisted and commissioned personnel to attend national training schools to receive certification of their rank and duty specialty.

Equipping of the MOD forces has continued this quarter with the procurement and delivery of nearly 9,000 AK-47 rifles, almost 1,800 pistols, more than 4,700 light and medium machine guns, and over 750 light and medium vehicles. Individual soldiers were issued nearly 15,000 sets of body armor and over 9,000 Kevlar helmets.



NOTE: Includes special operations battalions but does not include combat support and combat service support units

Generating operational units is only part of the challenge facing the Iraqi MOD; it must also develop the ability to operate and sustain Iraqi forces independently. Efforts to build such capabilities within the MOD have been hampered by assassination or intimidation of employees, corruption, and the relative inexperience of key civilian leaders. In the face of such challenges, the MOD needs to strengthen its capabilities across the board – in areas such as payroll, material readiness, contracting, and construction. Multi-National Security Transition Command-Iraq is now expanding upon previous efforts to help the MOD implement the processes that will allow the Ministry to sustain and support its fielded forces.

Army

The Iraqi Army includes over 105,000 trained and equipped soldiers, with 98 Iraqi Army and special operations battalions conducting counter-insurgency operations. The capability of Iraqi Army units continues to improve, facilitated by partnerships between Iraqi and Coalition forces. The number of Iraqi Army units in the lead continued to grow since October, with 37 battalions now controlling their own battle space.

Significant strides have been made in building the Iraqi logistical structure this quarter, although Coalition forces continue to provide materiel movement, life support, and other combat support to the Iraqi Forces. The developing Iraqi system is comprised of comprehensive lines of support at the operational and tactical levels, as well as a national maintenance structure. At the national level, the Iraqi Army (and police) will continue to rely largely on a U.S. supply chain for materiel since Iraq does not have a defense industrial base.

- The National Depot at Taji, which is currently in operation, provides operational-level supply and maintenance support through its military, defense civilian, and contractor staff. It provides warehouse facilities for the receipt, storage, and issue of the Iraqi Armed Forces' national stockholding of most classes of supply, as well as facilities for undertaking 4th-line maintenance support, including the ability to overhaul a range of vehicles and other equipment. The National Depot feeds five Regional Support Units (RSUs) that provide 3rd-level maintenance and supply support to nearby units. The RSUs, when fully operational, will also manage the provision of garrison and contract support for units located within their designated region. Garrison Support Units will be responsible for management and provision of garrison support to a designated base.

- Motorized Transport Regiments (MTRs) have been integrated into force generation plans to support each of the nine infantry divisions in order to provide improved mobility and sustainment capabilities for each division. Three MTRs are operational and are conducting critical logistical support missions for Iraqi Army units by moving personnel and materiel. The Coalition Corps Support Command is partnered with these units to mentor them and help develop their capabilities. A fourth MTR is being generated and will become operational in early 2006.

- In addition, each combat battalion will have a Headquarters and Service Company (HSC) to provide organic logistics and limited signal support; about half of these HSCs have been generated, and some are now operational.

- Vehicle maintenance is performed under a U.S. Government-funded National Maintenance Contract in the absence of an organic MOD capability to provide depot-level maintenance. This capability will be built in the future since the contract does not expire until 2007. The capability to provide some routine maintenance is, however, being developed within the support units.

The Iraqi Armed Service and Supply Institute (IASSI) at Taji plays a critical role in training the officers, non-commissioned officers, and soldiers to fill combat service support positions throughout the Army. The IASSI is training the soldiers and supervisors for the Motorized Transport Regiments and Headquarters and Service Companies. Members of the Regional Support Units and Strategic Infrastructure Battalions will soon start to receive similar training. In this way, the IASSI is making a critical contribution to the development of capabilities that will be necessary for Iraqi forces to take over missions now being performed by the U.S. and other Coalition forces. As the Iraqi Army's operational support system is completed and matures, its ability to provide logistics support to all echelons in the fight will emerge and reduce the need for U.S. forces performing these functions.

Generation of combat forces continues according to the force structure plan. The 7th Division Headquarters and some division support companies are currently being formed and are scheduled to complete training in early 2006. During the past quarter, the Iraqi Army's 9th Mechanized Division received 77 Hungarian-donated T-72 tanks and 36 Greek-donated BMP-1 armored personnel carriers. These vehicles have been integrated into the 2nd Brigade, which is now comprised of two tank battalions and one mechanized battalion. The brigade provided critical support for election security. These donations significantly increased the force protection capabilities of the Iraqi Army.

The basic training system has been expanded and consolidated under the command of the Iraqi Training Brigade, which will consist of three Iraqi Training Battalions (ITBs). Two ITBs are operational at the Kirkush Military Training Base (KMTB), and the third has partially formed and is conducting training at An-Numaniyah. New recruits attend a five-week program of instruction at KMTB and An-Numaniyah. Upon graduation, they receive an additional three to seven weeks of training depending on their military occupational skill assignment. The specialized training develops infantry, supply, communications, administration, armor, transportation, maintenance, and military police skills, among others. Other training initiatives, such as the Military Intelligence School, Signal School, and Engineer Training School, have been implemented, contributing to the professionalization of the Iraqi Army through diverse soldier specialties necessary to conduct and sustain combat operations.

Leadership development is a major focus in order to build a capable and professional Iraqi Army. To achieve this, a system of Regional Training Centers (RTCs) has been established to meet the Iraqi Army's need for professionally trained junior leaders. Six RTCs enable increased numbers of students to attend training such as the Squad and Platoon Sergeant courses, which contribute

to the development of a non-commissioned officer corps – a concept non-existent under the Saddam regime. Additionally, these RTCs are conducting the month-long Former Officer Course that provides human rights, ethics, and counter-insurgency training to officers who served in the former regime's Army and have now been recruited back into the Iraqi Army. A year-long Basic Officer Commissioning Course is being conducted at the three Iraqi Military Academies, with a class of 180 recently graduating from Ar Rustamiyah. The first class of 73 cadets graduated from the Iraqi Military Academy in Ar Rustamiyah in January 2006. The newly commissioned officers completed 52 weeks of intensive military training, including 2,490 hours of lessons and 14 field training exercises in a Sandhurst-modeled curriculum.

The leadership courses are complemented and reinforced through the daily guidance provided by Coalition Military Transition Teams (MiTTs) embedded with every Iraqi battalion, brigade, and division, as well as partnership with Coalition units. The MiTTs and partnership program provide mentorship and expertise critical for development of both unit proficiency and leadership, contributing to increased operational effectiveness. Monthly transition readiness assessments are prepared as a tool to measure each unit's progress and identify areas for improvement.

Iraqi Special Operations Forces

Iraqi Special Operations Forces (ISOF) include approximately 1,500 trained and equipped personnel organized into two battalion-sized combat forces – the Iraqi Counter-Terrorism Task Force (ICTF) and the Iraqi Commandos – and a support battalion and special reconnaissance unit. The ISOF Brigade Headquarters, Special Operations Support Battalion, and Special Warfare Training Battalion are now operational. The ICTF and Commandos have conducted numerous reconnaissance and direct action missions throughout Iraq, including all parts of al-Anbar province and various locations around the center of the country. During these missions, the ISOF have distinguished themselves as some of the most highly trained, reliable, and effective Iraqi units.

ISOF operate primarily with U.S. equipment, including the M4 carbine, M240 machine guns, and M2 heavy machine gun, with fielding of individual equipment continuing this past quarter. Major end-items fielded this quarter included 91 M1114 High Mobility Multi-purpose Wheeled Vehicles. The ISOF units are fully equipped for performing diverse combat missions; however, they need some coalition enablers, such as ground and air mobility assets, to deploy rapidly throughout the county.

The training regime for ISOF received no substantive changes this quarter. All ISOF personnel undergo an extensive and deliberate assessment and selection program prior to extremely rigorous combat training and indoctrination. Ranges and barracks at unit locations continue to be improved in order to facilitate more effective training and command and control.

Leadership of ISOF is assessed monthly with the Transition Readiness Assessment system. Senior leadership is assessed as generally strong, but still in need of mentorship from coalition partners. Junior leadership is assessed as strong and fully competent to lead small-unit missions.

Overall, morale in the ISOF is extremely high, and absent-without-leave rates remain insignificant.

Strategic Infrastructure Battalions

The Iraqi Transitional Government directed the formation of Strategic Infrastructure Battalions (SIBs) in an effort to improve critical infrastructure security. The SIBs are specifically tasked with protecting critical oil pipelines and are part of the MOD. Strategic Infrastructure Battalions are built on the standard Table of Organization and Equipment for an Iraqi light infantry battalion. Training of these battalions utilizes a "train the trainer" model, with Iraqi instructors first being taught a syllabus focused on enhancing basic infantry skills. These instructors are then responsible for teaching the material to their units. Specifically, the training focuses on squad and platoon level tasks. During the last quarter, the first group of SIBs – in excess of 3,400 soldiers – completed training. Informal training and mentoring from Coalition forces has helped the SIB leadership better understand the roles and responsibilities of staff officers and unit commanders.

Training has commenced for a second group of SIBs, with additional training for the unit's leaders. This additional training was instituted in response to the variations in capability observed among SIB leaders, which was identified through the Transition Readiness Assessment process that commenced in September. None of the SIBs is yet assessed to be capable of independent operations.

Navy

The Iraqi Navy has the primary mission of defending the country's limited coastline, territorial waters, vital ports, and offshore assets against external and internal security threats. The Iraqi Navy and Marines, in coordination with Coalition maritime forces, continue to conduct maneuvers to provide offshore oil platform security as well as patrolling operations in defense of Iraqi territorial waters. The Iraqi Navy currently has nearly 800 trained and equipped sailors and marines organized into an Operational Headquarters (HQ), two afloat squadrons, and six Marine platoons. The command and control capability of the Operational Headquarters continues to increase in effectiveness. In the past quarter, they have demonstrated the capability to mount a Quick Response Force for board-and-search missions while maintaining sustained communications between the HQ and operating forces. The Iraqi Navy's Naval Support Unit assumed responsibility for on-site management of all base support functions at the Umm Qasr Naval Base. The Iraqi Marines assumed point defense responsibilities for Khor al-Amaya Oil Terminal and al-Basrah Oil Terminal in December.

The Iraqi Navy operates five Predator Class Patrol Boats, twenty-four Fast Aluminum Boats (Dual Outboard Engines), and ten Rigid Hull Inflatable Boats. There have been no significant end-items received in the past quarter. Of the three al-Faw patrol boats originally planned to be in service by the end of 2005, the first is in final construction, and delivery is expected in the first quarter of 2006. Current force generation plans call for a total of six al-Faw class patrol boats by

September 2006. The MOD has delayed its decision on the procurement of two Off-Shore Support Vessels until after the new government is formed.

The Iraqi Navy Training Department continues to conduct all of its own training, assisted by the Coalition Advisory Support Team. Training is focused on maintaining basic seamanship skills and conducting maritime operations. Afloat Forward Staging Base training has continued for the Iraqi Navy Patrol Boat Squadron in concert with Coalition vessels. Visit Board Search and Seizure training, led by U.S. Coast Guard Law Enforcement Detachment teams, continues. Iraqi Marine training is focused on point defense security for the oil platforms, which is supported by the U.S. Navy Mobile Security Detachments. Marksmanship refresher training has been incorporated into the six-week training cycle for the Marines.

The institutional capacity to execute acquisitions, logistics, and personnel policies that have been promulgated remains underdeveloped. Iraqi leadership is generally strong at the senior commander level, but staffs require further experience, training, and mentorship. Mid-grade officers are gaining operational experience that will prepare them well for future leadership roles. Junior officers are displaying considerable strength and motivation. Leadership by Marine officers and non-commissioned officers is improving with continued training and operational experience.

Air Force

The Iraqi Air Force has nearly 500 trained and equipped personnel and is developing three air-power capabilities: reconnaissance, battlefield mobility, and air transport. The Iraqi Air Force aerial reconnaissance fleet currently is comprised of ten aircraft: two Seabird Seekers, two SAMA CH-2000s, and six AeroComp Comp Air 7SLs. These three aircraft types provide the Iraqi Air Force with a limited capability to perform oil infrastructure reconnaissance and surveillance support for nationwide counterinsurgency operations. Six CH-2000 aircraft remain grounded due to serious engineering deficiencies. Efforts are underway to obtain sustainment parts for the Comp Air. The USCENTAF is leading an effort to repair one aircraft in the United States, then return with the aircraft and a training/maintenance team to provide guidance to Iraqi Air Force engineers who will repair the remaining aircraft.

The Iraqi Air Force battlefield mobility capability consists of four UH-1H helicopters and five Bell 206 Jet Ranger helicopters, which are used for training. In December 2005, the Commander of Squadron 12 became the first Iraqi Air Force pilot to solo in the Jet Ranger and, along with a second Iraqi Air Force pilot who also soloed, is currently attending instructor pilot upgrade training. Once their training is completed, they will be able to instruct future Iraqi Air Force helicopter pilots. The UH-1 helicopters, a gift from Jordan, are scheduled for refurbishment and modifications in the United States to convert them to the more powerful Huey-II configuration. Negotiations are currently underway to establish a Foreign Military Sales contract for the sustainment and operation of the Jet Ranger fleet, allowing all five helicopters to be used for training missions. The agreement is not in place yet.

The Iraqi Air Force air transport capability is comprised of three C-130E aircraft based out of Ali Base (Talil Air Base). The squadron is scheduled to move to New al-Muthana Air Base, in Baghdad, in early 2006. In the past quarter, the squadron successfully supported counter-insurgency operations in the North and West of Iraq through delivery of personnel and supplies, flew humanitarian missions, supported the Referendum through movement of officials, ballots, and referendum workers, and provided a Distinguished Visitor transport capability. In late December 2005, the Iraqi government completed an $88 million Foreign Military Sales sustainment contract for the fleet.

The coalition has established Advisory Support Teams to facilitate development of a capable Iraqi Air Force. Two teams are aiding in the reconnaissance mission, with one in Kirkuk and the other working at Basrah. These teams have trained nearly 70 personnel, including 25 pilots, 41 aircraft maintenance engineers, and 3 administrators. Established basic, mission, and instructor upgrade syllabuses for Iraqi Air Force aerial reconnaissance pilots continue to be utilized. Training is being conducted both in the United States (pilot, navigator, maintenance officer, flight engineer, and loadmaster courses) and in Iraq (maintenance and aircrew personnel courses). Nearly 30 basic air-land qualified C-130 aircrew personnel have been trained, as well as the first complete mission-ready Iraqi crew.

Unit and operational level Transition Readiness Assessment reports are being developed to evaluate Iraqi Air Force air capability from strategic to tactical levels as they progress towards independent operations.

NATO Training Mission and Out-of-Country Training

The NATO Training Mission-Iraq (NTM-I) plays a key role in professionalizing the Iraqi Armed Forces and coordinating equipment donations from NATO members. In the area of professionalization, their focus is on providing training and advisory support to mid- and senior-level leaders at locations such as the new Iraqi Staff College, the National Joint Operations Center, and Ministry of Defence Headquarters Joint Operations Center. The NTM-I served as the lead agent to develop the Junior and Senior Staff Colleges, which opened in September at Ar-Rustimayah. The NTM-I prepared the Iraqi instructors in advance of the first courses through a "train-the-trainer" program, allowing Iraqi ownership of the Staff College courses.

In addition to training conducted in Iraq, select Iraqi military personnel receive advanced training at NATO and U.S. Army schools. More than 500 Iraqis have completed out-of-country courses coordinated by the NTM-I. Subjects studied include reconnaissance, crisis management, and staff skills. The NTM-I has coordinated training in numerous countries, including Germany, Norway, Romania, and Turkey.

Ministry Of Interior Forces

The Ministry of Interior (MOI) forces consist of the Iraqi Police Service, the Iraqi Highway Patrol, National Police (formerly the Special Police, comprised of the Police Commandos, the Public Order Police, and the Mechanized Police), the Emergency Response Unit, Department of

Border Enforcement, and the Center for Dignitary Protection. The agreed force generation structure calls for an end-strength of almost 195,000 trained and equipped personnel. The force structure plan is designed to enable a stable civil-security environment in which representative government, respect for human rights, and a prosperous economy can evolve.

Recruitment efforts continue to be focused on generating a force reflective of the diverse ethnic and religious fabric of Iraq. Just as with the MOD, the focus has shifted from merely generating units to developing the institutional capabilities within the MOI to support them. As of October 1, 2005, the Multi-National Security Transition Command-Iraq (MNSTC-I), with the Civilian Police Assistance Training Team (CPATT) in the lead, assumed responsibility for an integrated and synchronized effort to develop the institutional capacity of the MOI. To further the development of the Iraqi institutional capability at the MOI, CPATT has established a multi-disciplinary coalition team – the MOI Transition Team – to work with critical MOI personnel. Like the Ministry of Defence Transition Team, its task is to help build policy and procedures to enable the MOI to function more effectively as a national ministry.

Insurgent infiltration and militia influence remain a concern for the Ministry of Interior. Many serving police officers, particularly in the south, have ties to Shi'a militias. Although this trend needs to be monitored closely, it represents in part a beneficial integration of militias into the formal security structure of Iraq.

During the past quarter, MOI forces were issued more than 10,000 AK-47 rifles, 16,000 pistols, and 800 light and medium machine guns. The MOI personnel received 4,000 sets of individual body armor and 700 Kevlar helmets. In preparation for the winter season, more than 65,000 cold weather jackets were issued, with the majority being manufactured locally. Equipment issued is lower this quarter due to reduced convoy movement during Ramadan, the Referendum period, and the Election.

The commander, Multi-National Force-Iraq, designated 2006 as the "Year of the Police," denoting the significant focus on developing professional civil security forces. The desired end-state includes Iraqi police forces loyal to the people of Iraq and its constitution and committed to human rights and the rule of law. Under MNSTC-I, the Civilian Police Assistance Training Team will lead the effort, partnering with the MOI to plan, coordinate, and execute the necessary measures to develop the ministry and its forces, from the individual police officer to the minister. This will be accomplished through the MOI Transition Team working with the ministry to develop critical processes – the Police Transition Teams mentoring and developing police at the provincial, district, and station levels; Multi-National Corps-Iraq developing police partnerships; the Special Police Transition Teams focusing on development of the National Police; and the Border Transition Teams and Border Support Teams working to develop capable border forces and Ports of Entry.

Iraqi Police Service

The Iraqi Police Service (IPS) is the primary organization for local civilian policing in Iraq, analogous to "beat cops" in the United States. Their mission is to enforce the law, safeguard the

public, and provide internal security at the local level. The police are organized into patrol, station, and traffic sections in all major cities and provinces in Iraq. The IPS is responsible for providing security at more than 100 district and nearly 780 stations throughout Iraq. The scope of their responsibility demonstrates the critical need to ensure development of professional, capable police forces that utilize democratic policing techniques and follow the rule of law. The Civilian Police Assistance Training Team is working closely to improve their performance and professionalism. Police Transition Teams are providing mentorship and development to the IPS in a role similar to that of the Coalition Military Transition Teams, evaluating their progress and instituting the necessary procedures to continue development of a professional police force.

Over 80,000 IPS personnel have been trained and equipped, an increase of nearly 13,000 since the October report. There have been several challenges to maintaining the glide path projected, including the hiring freeze initiated by the MOI in August and lasting through October, which continued to affect the recruit training pipeline this quarter, as well as reconstruction of the Mosul Police Academy following a bombing. However, MNSTC-I is projecting to complete force generation by February 2007.

Training

Police training is conducted throughout Iraq at regional academies, but the majority of police are trained at the Baghdad Police College (BPC) or the Jordan International Police Training Center. The majority of trainees now undergo the ten-week basic police course, although a small number with previous police or military service can attend the three-week Transition Integration Program course. In addition to basic training, the Baghdad Police College offers multiple specialized courses that range from one to three weeks on topics such as interrogation procedures, counter-terrorism investigations, and election security. Junior- through senior-level management courses are established, and annual refresher training for serving police continues to improve professionalism. During this quarter, the BPC began a three- and a six-month police officer commissioning course. These courses are designed for police officers with previous experience and higher education and who show potential to lead under a democratic policing model. The BPC is preparing to start a three-year officer course for new cadets in early 2006. For a more detailed discussion of police training, see previous reports.

Recruitment and Vetting

The work of the Ministry of Interior Qualifying Committee (MOIQC) to eliminate "ghost employees" (who are being paid but not working), and other police who do not meet minimum standards, continues. The MOIQC continued its biometric data collection efforts that will assist in proper vetting of the MOI employees and support the separation of unqualified Iraqi Police Officers. To date, the MOIQC has collected more than 190,000 personnel profiles. Profiles collected by the MOIQC will eventually be linked to human resources and pay; the Ministry of Interior has not yet initiated the process of dismissing those employees who are being paid but not working.

Equipment

The IPS are equipped with AK-47s, PKCs, Glock pistols, individual body armor, high frequency radios, small pick-ups, mid-size SUVs, and medium pick-ups. Logistics capabilities continue to be an area of concern for the IPS, particularly in regard to vehicle maintenance and distribution of supplies and equipment. Construction of IPS stations remains slow due to insurgent attacks, intimidation, weather, and security delays (notably around the referendum and elections).

Effectiveness

Absenteeism is difficult to assess accurately due to the localized and sometimes isolated nature of most police operations. In many cases, police stations operate without embedded International Police Liaison Officers (IPLOs), who would normally provide an accurate report of absences-without-leave (AWOL) and other absenteeism. This situation will change in the coming months as more IPLOs are deployed to more police stations. Although harder to quantify, there are local incidents of intimidation against individual police resulting in AWOL. Since the last report, there has been improvement in police presence in al-Anbar as many pay and leadership issues have been resolved. Police are again patrolling Fallujah, and the security situation there and in Ramadi has significantly improved. In fact, police forces throughout Iraq played a significant role in securing the recent polling events – the October 2005 referendum and the December 2005 general election.

Iraqi Highway Patrol

The Iraqi Highway Patrol (IHP) is a nation-wide force responsible for securing Iraq's highway system, including the performance of armed escort and law enforcement duties. Almost 1,800 IHP personnel have been trained and equipped, an increase of 500 since the last report but less than the previous projection of 2,300 personnel by the December election due to attrition. Regardless, Multi-National Security Transition Command-Iraq (MNSTC-I) estimates that it will be able to reach its full authorized complement of more than 6,200 IHP by August 2007. As discussed in the last report, IHP officers must first qualify as police officers before attending a follow-on four-week training program at the Iraqi Highway Patrol Academy, which covers basic policing, driving skills, convoy escort, and weapons qualification with pistols, rifles, and machine guns.

Equipment

As discussed in the last report, the IHP is equipped with small pick-ups, mid-size sport utility vehicles, medium pick-ups, AK-47 rifles, PKC machine guns, Glock pistols, high-frequency radios, and body armor. Distribution of supplies and equipment, as well as additional logistical and pay issues, continue to challenge the effectiveness of the IHP.

National Police Forces

The National Police Forces (formerly known as the Special Police Forces) are highly trained units comprised of three separate organizations: the Police Commandos (providing light infantry for counter-insurgency operations), the Public Order Police (specializing in re-establishing order in high-risk environments), and the Mechanized Police (providing light armor for counter-insurgency operations). The 27 National Police battalions and one Emergency Response Unit have continued to improve their capabilities as a national, rapid-response force for countering armed insurgency, large-scale disobedience, and riots and conducting operations throughout Iraq's most contentious areas. They also provided critical security during the referendum and general election.

Police Commandos

The Police Commandos consist of nearly 9,000 trained and equipped personnel. The Government of Iraq has authorized a total force of more than 11,800 Commandos, which MNSTC-I plans to train and equip by December 2006.

Their training regime includes six weeks of intense training at the Police Commando academy in northern Baghdad. Students are instructed in urban patrolling techniques, unarmed combat apprehension, use of force, human rights and ethics in policing, introduction to Iraqi law, vehicle checkpoints, improvised explosive device characteristics and recognition, and weapons qualification.

As stated in the last report, the Police Commandos' equipment is non-U.S. in origin, with the exception of the primary tactical vehicles. The Commandos are scheduled to receive a total of 30 wheeled Armored Personnel Carriers; delivery will commence in early 2006. Small arms and crew-served weapons are principally Glock pistols, AK-47s, rocket-propelled grenades, and RPK and PKM light machine guns. Most organizational clothing and individual equipment is manufactured in Iraq.

Mechanized Police

Almost 1,500 Mechanized Police have been trained and equipped. This is the target force structure authorized by the Government of Iraq, so further basic training is necessary only for force sustainment. One battalion in the Mechanized Brigade is currently equipped with BTR-60 armored wheeled vehicles; the other two battalions will be equipped with a total of 63 Armored Security Vehicles (ASV) by early 2006. These units are receiving ASV transition training that focuses on vehicle operations, communications, and vehicle maintenance. The Mechanized Brigade continues to provide route security along Route Irish (from the International Zone to Baghdad International Airport), effectively reducing insurgent activity along the route commonly cited as "the most dangerous road in Iraq."

Public Order Police

Almost 8,100 Public Order Police have been trained and equipped, an increase of over 1,000 since the last report. The MNSTC-I is therefore currently on track in its training schedule. The Government of Iraq has authorized a total force of approximately 10,600 Public Order Police, whom MNSTC-I plans to train and equip by May 2006. Public Order Police receive six weeks of training at Camp Numaniyah, with a syllabus similar to that of the Police Commandos.

The Public Order Police use a variety of equipment: Nissan and Chevy Luv pick-up trucks, mid-size sport utility vehicles, AK-47 assault rifles, PKC light machine guns, Glock pistols, high frequency radios, and body armor. As noted in the last report, each battalion and member is currently equipped with all mission-essential equipment.

Effectiveness

The National Police demonstrated its operational effectiveness in combat during the first independent division-level operation in November 2005. The National Police planned and executed Operation Knockout with minimal Coalition support provided by their Special Police Transition Teams. The Public Order Division commander led seven Public Order and Police Commando battalions from Baghdad to Baqubah along three separate routes. Upon arrival, they commenced multiple company-sized or smaller operations simultaneously, netting 377 suspected terrorists. The National Police returned to Baghdad with their detainees before the enemy had a chance to react. Although there was minimal Coalition support, the National Police coordinated all of their actions with the Multi-National Corps-Iraq. This operation will serve as a model for future National Police operations.

Leadership in the National Police Forces is evaluated monthly using the Transition Readiness Assessment system. Special Police Transition Teams are collocated with National Police in the field, where they work with the National Police on a daily basis to mentor and monitor the leadership as the Iraqis plan and execute operations, while emphasizing the importance of human rights and rule of law. These teams help professionalize the forces, improve operational effectiveness, and provide links to coalition combat enablers. The Civilian Police Assistance Training Team support personnel and International Police Liaison Officers make unannounced visits to special police force sites to assess progress, particularly regarding detainee handling. Allegations of detainee abuse and extra-judicial police actions by the National Police Commandos are cause for concern. Multi-National Force-Iraq, MNSTC-I, and the U.S. Embassy-Iraq continue to take steps to ensure Iraqi investigation of abuse allegations and promote public reporting on the investigations, aiming thereby to build public confidence in Iraqi National Police Forces. Although the allegations of misconduct are troubling, the National Police Forces provide a significant capability to the Ministry of Interior, and the growing pride and dedication of its personnel are demonstrated by their operational successes and a minimal rate of absences-without-leave.

Strong leadership, a key to the continued development and professionalism of these three organizations, is routinely demonstrated by the junior officers and young non-commissioned

officers. In the next quarter, officer and sergeant courses will commence at the National Police Forces Academy. These courses will focus on professionalizing the National Police through further training in rule of law, human rights, democratic policing procedures, and Iraqi law.

Emergency Response Unit

The Emergency Response Unit (ERU) is a small, elite, national unit trained for high-risk search, arrest, hostage rescue, crisis response, and limited explosive ordnance disposal missions. Approximately 400 ERU members have been trained and equipped, an increase of 100 since the last report. The MNSTC-I is therefore currently on track in its training projections. The Government of Iraq has authorized a total force of more than 700 ERU members, who are scheduled to be trained and equipped by June 2006. The ERU has continued to operate nearly nightly in Baghdad this quarter and maintained a quick response force posture for voting stations during the recent election.

The ERU training has undergone no substantive changes to the syllabus this quarter. Training consists of a four-week basic training course and a four-week advanced course. These courses are extremely challenging, with the basic course reporting a retention rate of just under 50%. The advanced course has a retention rate of over 90%, indicating the effectiveness of basic training in ensuring personnel who graduate are capable of handling the rigors of advanced training and operations. Courses include instruction on basic handling of detainees, human rights training, target reconnaissance, physical fitness, close quarters battle, and basic mission planning. For selected personnel, this training is followed by an eight-week Explosive Ordnance Disposal course or a six-week Intelligence/Surveillance course.

The ERU continues to receive strong mentorship from former U.S. special operations personnel, who facilitate leadership and mission planning and execution capabilities. These mentors are placing increased responsibility on staff officers in order to attain greater unit proficiency. The ERU has routinely demonstrated its operational effectiveness in crisis response, high-risk search and arrest, hostage rescue, and explosive ordnance disposal missions. The ERU consistently demonstrates strong officer and non-commissioned officer leadership. Senior levels of leadership are still adapting to the increased leadership capabilities from a strong, professional non-commissioned officer corps. Operational unit absenteeism and absent-without-leave rates are extremely low.

Department of Border Enforcement

More than 18,500 Border Police have been trained and equipped, an increase of 1,500 since the last report, but lagging the projection of 24,000 border forces by the December 15 election. Delays in construction at the Department of Border Enforcement (DBE) Academy have adversely affected throughput of trained personnel; however, three academies are now operational, and May 2006 remains the projected date for realizing the force generation goal of more than 28,000 Border Police. The DBE forces are organized into five regions, 12 brigades and 36 battalions, which include the forces that will man the 258 border posts and forts. Over

170 border posts and forts have been completed (an increase of 18 since the last report, but lagging behind the MNSTC-I projection of 258), and efforts continue to repair and finish construction of the remaining posts by mid-2006. Border post construction has been delayed due to weather, remote locations, restricted movement due to operational activity, and contractor delays. Over the past quarter, the Department of Border Enforcement has made considerable progress in establishing control of Iraq's borders, culminating in a November 30 ceremony to celebrate the transfer of the Iraqi-Syrian border control to the Government of Iraq. The growing capability and effectiveness of the DBE forces were demonstrated during the referendum and election periods, in which the DBE effectively closed the borders and POEs.

The DBE units continue their training cycle and deployments to the Syrian border, working closely with the Ministry of Defence and Coalition forces to create a layered system to protect the borders of Iraq, including border patrols by the DBE units, Iraqi Army checkpoints, and operations by Coalition forces. Ten-person Coalition Border Transition Teams continue to develop and mentor the border units. These teams are comprised of members with various specialties in areas such as logistics and communications, and they provide critical assistance to the border forces in the areas of personnel management, intelligence, operations, budgeting, and equipment accountability/maintenance.

The Coalition is working with the Iraqi Government to implement a Ports of Entry strategy that includes designation of Port of Entry standard organizations, delineation of specific ministerial responsibilities, and development of detailed policies and procedures. At the Ports of Entry, the U.S. Department of Homeland Security, in conjunction with MNSTC-I, provides four-person Border Support Teams (BST) comprised of subject matter experts in the various aspects of a functioning port. During the past quarter, BSTs have been assigned to three land ports along the western border and to Baghdad International Airport.

Equipping of border forces continues, including improved communications equipment, winter weather gear, and basic installation equipment for border posts and forts. Typical organizational equipment includes small and medium pick-up trucks, mid-size sport utility vehicles, generators, and base radio stations. Personal equipment (e.g., AK-47 rifles, individual body armor, and medium machine guns) completes the outfitting of the border forces. The DBE forces at the Iraqi Ports of Entry have also received significant amounts of equipment this past quarter, including pick-up trucks, medium cargo trucks, sedans, AK-47 rifles, 9mm pistols, and PKM machineguns. Critical detection devices, such as x-ray machines, are being delivered to improve screening of cargo and personnel entering the country.

Three academies with a capacity of 800 each are utilized for training DBE students. These academies teach the Iraqi Border Police (IBP) Basic Training Course, which focuses on an introduction to law enforcement, weapons qualifications, combat life-saving, vehicle searches, Iraqi border law, human rights, arrest and detainee procedures, small-unit patrolling, and human relations. Additionally, an officer and non-commissioned officer training course is in its final phase of development and will be launched by teaching the first group of Iraqi instructors in January 2006. These graduates will then become the supervised instructors of the Iraqi Officer and Non-Commissioned Officer IBP Courses.

A Transition Readiness Assessment (TRA) for the Ports of Entry (POEs) was fielded in early November 2005 and is undergoing evaluation for objectivity. Efforts are focused on validating Iraqi POE standards and procedures. The border forces are currently being assessed using a TRA implemented in October 2005. Ratings of these forces have improved and are expected to continue as more equipment is received, a functioning Iraqi-led logistics program is established, and additional training and mentoring are provided to the DBE forces. The decentralized and dispersed nature of this force has fostered an environment in which corruption, "ghost" employees, and absent-without-leave rates remain a significant concern. Coalition advisors are assisting Iraqi Department of Border Enforcement leadership in rectifying these problems.

Center of Dignitary Protection

The Center of Dignitary Protection (CDP) trains bodyguards for high-ranking officials. The forces trained by the CDP do not constitute a standing security force and generally leave the service when the official who designates them leaves. Approximately 600 personnel have been trained and equipped by the CDP. Training this quarter has continued to follow the established four sub-courses: Tier I Personal Security Detachment (five weeks), Tier I Motorcade Escort (four weeks), Tier I Site Security (two weeks), and Tier II Personal Security Detachment (four weeks). These courses have been designed with an emphasis on specific skills for dignitary protection, including defensive and lifesaving driving, facility and route reconnaissance, site security, control point access, bomb threat actions, improvised explosive devices countermeasures, security functions, and basic lifesaving. Each personal security detachment is provided basic equipment kits.

No official Transition Readiness Assessment has been developed for the CDP. However, contract mentors and advisors attached to each team provide thorough assessments of capabilities and effectiveness. The techniques and procedures utilized by the CDP Tier I Personal Security Detachments are continually evaluated and modified to increase effectiveness in an evolving threat environment.

III. Transitioning Security Responsibility to the Iraqi Government and Criteria for Withdrawing Forces

Arbitrary deadlines or timetables for withdrawal of Coalition forces – divorced from conditions in Iraq and the region – would be irresponsible and deadly, as they would suggest to the terrorists, Saddamists, and rejectionists that they can simply wait to win. No war has ever been won on a timetable, and neither will this one. Lack of a timetable, however, does not mean that the Coalition's posture in Iraq is static. On the contrary, the Coalition continually adjusts our posture and approaches as conditions evolve and Iraqi capabilities grow.

In consultation with the military commanders in Iraq, the Iraqi government, and allies, the Secretary of Defense continues to advise the President on the appropriate level of United States forces in Iraq and the surrounding theater of operations based on current conditions. These conditions include, but are not limited to, key elements of the Multi-National Force-Iraq (MNF-I) campaign action plan – such as the increasing leadership of Iraqi Security Forces in counterinsurgency operations and battle space ownership – and progress in the political process.

Transitioning Security Responsibility

The Iraqi government, jointly with the military and civilian leadership of the United States and Coalition partners in Iraq, assesses when conditions permit handing over security responsibility of specific areas from Coalition forces to the Iraqi Security Forces (ISF). This leadership includes the U.S. Ambassador, the U.K. Ambassador, the Iraqi Ministers of Defence and Interior, the Iraqi National Security Advisor, and the Commanding General and Deputy Commanding General of MNF-I. Transfers of responsibility are evaluated area-by-area and region-by-region. Recommendations for transfer include an assessment of achieving specific conditions in categories similar to those in the MNF-I campaign action plan, such as:

- levels of present and projected insurgent activity;
- readiness and capabilities of ISF;
- readiness and capabilities of relevant government institutions; and
- ability of Coalition forces to reinforce the ISF should this become necessary.

The recommendation to transfer security responsibilities is based on the specific situation in any one area or region in the context of the overall security environment. An area does not necessarily need to meet all conditions in each category before transfer is recommended. Each and every transfer will be gradual to ensure an effective and successful handover of security responsibilities. However, the transition to the Iraqi Security Forces (ISF) and reduced presence of Coalition forces will be visible to the Iraqi people. Since the beginning of this process in August 2005, the ISF has assumed ownership of more than 12,000 square miles of battle space throughout Iraq.

Withdrawing Forces

In accordance with the President's stated approach, he has already decided not to deploy one brigade previously scheduled for deployment to Iraq and to hold a second brigade in Kuwait. The military posture will continue to adjust to the requirements and conditions in Iraq and the level of Iraqi capabilities. The Coalition retains the ability to reinforce Iraqi forces quickly as required and provide critical enablers as the Iraqis develop their own capabilities.

As the political process moves forward, and as the Iraqi Security Forces grow and gain experience, it will be possible to consider further changes to the Coalition force posture. As Iraqis take on more responsibility for security, Coalition forces will increasingly move to supporting roles in many areas. As security conditions improve and as the Iraqi Security Forces become more capable of securing their own country, Coalition forces will move out of the cities, reduce the number of bases from which they operate, and conduct fewer visible missions. While the Coalition military presence may become less visible, it will remain lethal and decisive, able to confront the enemy wherever it may gather and organize.

Coalition force levels will increase, if necessary, to defeat the enemy or provide additional security for key events like the recent referendum and elections. But the goal, over time, is to reduce Coalition forces as Iraqis continue to take on more of the security and civilian responsibilities themselves.